Evaluation of the Federal Contractors Program

Final Report

Evaluation and Data Development
Strategic Policy
Human Resources Development Canada

April 2002

SP-AH183-04-02E
(également disponible en français)

106-02538/

Table of Contents

Executive Summary i

Management Response vii

1. Introduction 1

1.1 Program Background 1

1.2 Evaluation Objectives 6

1.3 Methodology 7

2. Relevance and Rationale 9

2.1 Continuing Need for a Federal Contractors Program 9

2.2 Targeting of the Designated Groups 10

2.3 Unique Role of the FCP in Canada 10

3. Federal Contractors Program (FCP) Design and Implementation 13

3.1 Employment Equity Model Applied Under FCP 13

3.2 Equivalency of FCP with Legislated Employment Equity Program (LEEP) 13

3.3 Reporting, Goals and Timetables 14

3.4 Thresholds and Exemptions 15

3.5 Internal FCP Information Systems 17

3.6 Staffing Resources for FCP 18

3.7 Compliance Activities 19

3.8 Enforcement 21

3.9 Tools and Supports 22

3.10 Information-Communications Strategy 23

3.11 Positive Incentives: Awards Programs 24

3.12 Costs to Employers and Government 24

3.13 Organization within HRDC 25

3.14 Roles of Participants in FCP and Stakeholders 26

4. Impacts/Results **27**
4.1 Overall Implementation of Employment Equity 27
4.2 Impacts of FCP on Representation of Designated Groups 28
4.3 Impacts on Barrier Awareness and Elimination 34
4.4 Impacts in the Context of Economic Cycles 35
4.5 Business and Other Impacts 35
4.6 Satisfaction of Participants 36
4.7 Impacts on Contracting 37
4.8 Best Practices 37

5. Conclusions **39**
5.1 Summary Table of Key Findings and Conclusions 40

End Notes **45**

Annex A: FCP Evaluation Issues and Questions **51**

Annex B: List of FCP Evaluation Technical Reports **55**

List of Displays

Display 1	Number of Contractors Covered by FCP by Region 2000-01	3
Display 2	Conceptual Model of FCP, its Environment and Impacts	4
Display 3	Historical Compliance Review Activity by FCP (Calendar Year Data)	20
Display 4	What Would Help the Implementation of Employment Equity	23
Display 5	Employment Equity Activities Undertaken by FCP and Comparison Non-FCP Employers*	27
Display 6	Designated Group Representation in FCP Employee Ranks and an Index of Representativeness, 1995 and 1999	29
Display 7	Designated Group Representation in FCP Management Ranks and an Index of Representativeness, 1995 and 1999	29
Display 8	Designated Group Representation in Employee Ranks for FCP and Comparison Employers, 1995 and 1999, and estimated labour force availability	30
Display 9	Employer Assessments of Changes in Proportions of Designated Groups Hired or Promoted as Compared to All Employees	33
Display 10	Designated Group Representation in Management Ranks for FCP and Comparison Employers, 1995 and 1999, and estimated labour force availability	33
Display 11	Achievement of Full Representation As Reported by Employers	34
Display 12	FCP Employers' Satisfaction with FCP	37
Display A	Number of Contractors (n=845) by Number of Employees	45
Display B	Size of Contractors by Number of Employees By Province (n = 845)	46
Display C	Some details Employer Regression results (Statistics For The FCP Dummy Variable For 16 Regressions)	48
Display D	Some Indications of Representation* Derived from SLID files, 1998	49

Executive Summary

Introduction

The Evaluation: An evaluation of the Federal Contractors Program (FCP) was conducted in 2000-2001, to assess the relevance, effectiveness and value of the program. The evaluation was conducted for Evaluation and Data Development, Human Resources Development Canada, by SPR Associates of Toronto and Ottawa.

The objectives of the evaluation were: (i) to measure progress made in FCP firms/organizations for the designated groups; and (ii) to assess the success of the program in encouraging employers to comply with employment equity principles. Issues addressed by the evaluation included adequacy of compliance; effectiveness of delivery; extent of employment equity activities by employers; extent of impacts on representation; adequacy of staffing and information systems; program thresholds (rules about which contractors are covered); administrative demands for both employers and government; and equivalency of FCP to the Legislated Employment Equity Program (LEEP), among other issues (see Annex A).

The Program: The FCP was established in 1986 to aid the goal of achieving employment equity for designated groups of persons who are discriminated against in the labour market. As determined by the Abella Commission on Equality in Employment (1984), the designated groups were defined as Aboriginal people, persons with disabilities, visible minorities and women. The FCP applies to organizations supplying goods and services to the Federal government which have 100 or more employees and who bid on a single contract of $200,000 or more. Under FCP, contractors are required to commit to implement employment equity as a contract condition, implementing eleven specific employment equity steps. In 2001, the FCP covers over 800 Canadian organizations which employ more than 800,000 Canadians.

Methodology: A number of data collection activities were undertaken to complete the evaluation including surveys of over 700 FCP employers and a comparison group of 1,000 non-FCP employers; interviews with over 50 stakeholders; four focus groups with representatives of designated groups; ten case studies of FCP employers; a review of literature (including international program comparisons) and administrative data; and a survey of FCP staff. The Technical Reports for these component studies are bound separately from this report.

1. Relevance of the FCP

Historic Goals for FCP Remain Relevant: Both existing economic research and consultations with stakeholders indicated that systemic discrimination against the designated groups remains an important issue in 2001, much as when the FCP was first established. This view was especially voiced by representatives from

designated groups' organizations. As well, the administrative data review results indicated that full representation has generally not yet been achieved for designated groups in the organizations covered by FCP, pointing to a continuing need for a program such as the FCP.

Stakeholder interviews and the document review also indicated that FCP reflects important goals of the current government to build a more inclusive society. Additionally, continued relevance of FCP was evidenced by the 1995 amendments to the *Employment Equity Act*, which gave new priority to the program.

A Relevant Program Model: The basic FCP model for Employment Equity, with its 11 required criteria (or steps) was seen by stakeholders as a valid means to achieve employment equity goals. These steps were also found to be effective when fully implemented by employers. However, as noted below, only a small percentage of FCP employers – about 10 percent — fully implemented these FCP steps in 1999.

2. Impacts of FCP

Representation: A number of analyses were used to ascertain the impact of FCP on representation of each of the four designated groups in FCP employers' workforces. Representation in management ranks was also examined. Several of these analyses were based on *self-report data* from employers, and showed the following results, a number of which were positive for FCP. Compared to non-FCP employers, FCP employers indicated slightly higher representation for Aboriginal people, and persons with disabilities as compared to non-FCP employers in 1999. Second, analysis of FCP employers information indicated improvements in representation between 1995 and 1999 for persons with disabilities, visible minorities, and women. Data from FCP employers is considered to be more reliable than non-FCP employers since they have had to complete a workforce survey (76 percent indicated they have completed a survey) while non-FCP employers are presumed to be estimating their representation (only 27 percent completed workforce survey).

Overall, however, multivariate analyses comparing FCP and non-FCP employers indicated that while FCP had significant positive impacts on representation for persons with disabilities and Aboriginal persons in 1995, these effects had largely disappeared by 1999. Regression analyses comparing FCP and comparison employers in 1999 showed no substantial positive impacts of FCP on representation for disabled persons in the management group. Additionally, an analysis of representation using SLID data revealed no overall positive impacts on representation.

Designated Groups: Stakeholders in general (Human Resources Development Canada [HRDC], program staff, employers, designated groups) were of the view that visible minorities and women have done better under FCP and that it is more difficult for FCP to impact on representation of Aboriginal peoples and persons with disabilities. However, self-report data from FCP employers indicated that FCP implementation was associated with slightly higher representation for Aboriginal persons and persons with disabilities in various years. Additionally, the previously noted regression results allowed no clear conclusions regarding differential impacts on the designated groups.

Contracting: FCP appeared to have no significant impacts on contracting or the purchasing position of the Federal government. Indeed, less than 5 percent of employers reported that they were discouraged from bidding on Federal contracts because of FCP requirements.

Business Impacts: The available technical literature on employment equity suggests a potential for accompanying additional economic benefits at the level of the individual firm. Such benefits may result from a more efficient use of human capital – as a consequence of breaking down employment barriers and overcoming restrictive hiring practices. The potential in this area is confirmed in a preliminary way by the current evaluation findings.

A number of employers reporting increased representation of designated groups also indicated that they felt that employment equity had had positive effects in areas such as productivity improvement and competitiveness. These evaluation findings are not widespread and are preliminary in nature. However, their significance and importance should be recognized and pursued further as potential effects of the program.

Additional research is needed to develop a clearer picture of how these impacts occur based on detailed concrete examples from firms' actual experiences. The research focus should be on describing the occupational groups involved (e.g., skill sets, competencies) and on identifying exactly what factors produced the improved productivity/competitiveness in the case of individual firms claiming such benefits. This will provide a clearer perspective on the reliability of firms' assessments of such economic impacts.

3. Program Delivery

Difficulties in Program Delivery: While the rationale for a program like FCP was found to be clear and there is a continuing need for such a program, delivery of the program was seen to have difficulties and to have been hindered by declining program capacity over the period 1995-2001. These program delivery factors may explain the relatively weak implementation of employment equity measures by FCP employers.

Structural Changes within HRDC: Changes in the administration of FCP have lowered the profile of the program within HRDC since 1995. In 1995-96, employment equity was moved from a being a separate Branch to being combined with Labour Standards and Workplace Equity, thereby reducing its resources and profile. At the same time the main responsibility for FCP compliance was transferred from Headquarters to the Regions.

Staffing and Resources: Stakeholders indicated that difficulties in FCP delivery were exacerbated by significant staffing reductions in FCP in the period 1995-2000 from 26 FTEs to 13 FTEs and by lack of other resources such as internal information systems, which were found to be out of date, incomplete, and ineffective when examined in this evaluation.

Equivalency: Program staff and the document review identified that FCP implementation has not been made equivalent to the Legislated Employment Equity Program (LEEP) as required in the 1995 amendments to the *Employment Equity Act*. One hindrance noted as underlying this lack of change was uncertainty about the interpretation of the term "equivalency of implementation" For example, stakeholders in the program indicated that it was not clear whether this includes reporting requirements of LEEP, or more rigorous compliance efforts, such as those now implemented for LEEP through the Canadian Human Rights Commission (CHRC).

Compliance: Compliance reviews of individual FCP employers fell substantially from a four-year average of 152 (for 1992-1995) to only 57, on average, for 1996 to 1999. This was reflected in general lack of contacts between the program and FCP employers.

Reporting: Designated groups and WEOs indicated that reporting of employment equity results, which is not currently required under FCP, is needed to promote compliance and help assess the effectiveness of the program. Only 16 percent of employers indicated that reporting would be a hindrance to them.

Communications: FCP was found to be not communicated very well to its many stakeholders. To illustrate, many designated groups' organizations which were included in focus groups were found to be unaware of FCP. Lack of communications was also reflected in the lack of regular program reports. For example, the latest report by the program on the work of FCP was published in 1994, and has not been updated since.

Information systems: At the time of the evaluation, program information systems were found to be inadequate or not current enough to monitor activity, progress, or to manage the FCP effectively.

Tools and Supports to meet needs of employers were inadequate and out-of-date. This was a significant weakness in FCP given the relatively high interest in tools and supports expressed by many of the employers surveyed.

Thresholds and Exemptions: Designated groups pointed out that, relative to their regional economies, FCP coverage is limited in Western and Atlantic Canada. Thus for Aboriginal people in particular, the current thresholds were seen as limiting the potential benefits of FCP. For these reasons, all designated groups, and Aboriginal people in particular, argued for lowering of the thresholds to include smaller companies, for example, those with 50-99 employees. Elsewhere it is noted that this would approximately double the number of firms covered by FCP. Additionally, analysis of employer participation in the FCP pointed towards a general decline in the size of Canadian firms, as more and more firms divest, downsize, and outsource, resulting in an increasing number of firms falling below the FCP threshold of 100 employees.

Employer Implementation: One key finding of the evaluation was that FCP evidenced capacity to impact in a substantial way on employers. For example, approximately 90 percent of FCP employers indicate that they are only involved in any employment equity activities at all because of the FCP. This finding was a dramatic improvement over results of the 1992 evaluation. A related finding – and a positive one for the employment equity model – was that effectiveness of the program was more significant where the program was more fully implemented by employers – where employers implemented most of the eleven FCP steps.

Indeed, correlational and regression analyses indicated that employers who have implemented a greater number of the FCP employment equity steps evidenced generally higher levels of representation for the designated groups. But only about 10 percent of FCP employers fully implement FCP. And only about half of FCP employers have implemented half or more of the required employment equity measures. Thus there is a wide variation in the extent to which FCP employers have attempted to fully implement employment equity, with most employers having only partially implemented the program.

Employer Satisfaction: Most FCP employers reported dissatisfaction with FCP and its implementation. Indeed, only 23 percent reported that they were satisfied with the FCP overall, a low rating compared to other similar HRDC programs. Many expressed interest in obtaining more tools and supports to implement employment equity in their workplace. Cost did not appear to be a major factor, as those employers implementing employment equity reported modest costs.

4. Conclusions

Continued Need: There is still a need for such a program which supports Federal government objectives and goals with regard to employment equity. As well, there is positive evidence of the value of the program model as many employers report they are only engaging in employment equity activities because of the FCP. But the success of FCP is limited by the way in which it has been implemented. Weaknesses in the organization, resourcing and delivery of the program suggest that changes in the FCP could allow for improved effectiveness and more positive impacts.

Factors Limiting FCP Effectiveness: The coverage and effectiveness of FCP has been limited by a number of factors including a dramatic reduction of resources in the period 1995-2000 which has created challenges for the administration of FCP. In the same vein, FCP's information systems have not allowed for effective program management. The de-centralization of program administration has also contributed to the challenges faced by FCP staff. Program features such as the specific coverage and thresholds have limited FCP's coverage across employers, and program compliance and enforcement have not been fully realized under the current administration of the program. Additionally, improved tools and other supports to assist employers with their employment equity initiatives such as templates for gap analysis, employment systems reviews, etc. have been identified as needed to support the effective implementation of employment equity initiatives under FCP.

Overall Assessment: The evaluation data points to the conclusion that, while the program model is valuable and relevant, *and* although the FCP's shortfalls can be remedied, the FCP *as currently implemented*, cannot achieve either the goals that have been set for it by Parliament or the expectations of FCP's many stakeholders. These shortcomings significantly affect both the designated groups who continue to be underrepresented in the workplace and the employers who wish to implement employment equity. The key conclusion is that significant changes in the FCP are needed if the program is to serve the equity goals of the Federal Government and other stakeholders.

Management Response

The evaluation of the Federal Contractors Program conducted by the Evaluation and data Development Branch of Human Resources Development Canada (HRDC) has produced findings and conclusions of major significance for the future design and management of the Program.

This program extends the reach of the employment equity objectives expressed in the *Employment Equity Act* beyond the limits of the federal labour jurisdiction, and impacts over 800 large scale federal contractors employing over 800, 000 individuals.

The evaluation reveals that the Federal Contractors Program (FCP) could, have a significant positive impact on these large employers both in terms of employment equity objectives, and – which is very important to note – in terms of business performance. However, the evaluation concludes that as implemented, at the time of the evaluation, the program could not achieve either the goals set by Parliament or the expectations of its public stakeholders. In order to correct this serious situation, "significant changes" are required both to the organization and to the resources of the program. The evaluation also raises policy options, which could increase the impact of the program (such as by altering the thresholds determining which contractors are subject to the program), and these options would also have resource implications for administration.

Management of the Labour Program makes no comment on the policy issues raised in the evaluation report, which may be considered in due course by the Standing Committee now reviewing the *Employment Equity Act*.

Management accepts the findings of the evaluation regarding the implementation of the FCP, and regards the suggestions for improvement as extremely useful. Management believes that FCP effectiveness could be substantially enhanced by responding fully to the evaluation in such a way that both the employment equity objectives of the program could be fulfilled and at the same time important business performance objectives could be accomplished. In fact, it is management's view that the complementary potential of business objectives and employment equity objectives is an especially important aspect of the evaluation; but to pursue these dual objectives requires improved tools and contacts especially targeted to the employer community.

It should be noted that a number of the suggestions in the evaluation have already been addressed, specifically:

- Direction to the regions clarifying priorities and objectives which recommend 8 to 10 reviews per officer per year;
- The addition of seven new officers in the regions to augment the number of reviews;
- A thorough intensive training session for the training of new officers; and
- Upgraded operating tools for the officers. Additional tools are being developed.

Responses to other suggestions are underway, specifically:

- The upgrading of the data and management systems blending them into Labour's central information system - LA2000. This will provide a solid basis for future regular reporting;
- The improved changes to the program fundamentals. For example, by disallowing further contracts to organizations who withdrew their commitment to employment equity, this may result in better support from contracting departments;
- The development and addition of information material accessible through HRDC-Labour's web-site; and
- Improved communication linkages with all FCP employers.

In addition to the above, management takes note of the recommendations to clarify the policy regarding "equivalency" in the implementation of the FCP and the *Employment Equity Act*, to strengthen the role of headquarters in the administration of the program in a consistent manner, to increase the availability of information, advice and tools to assist employers in complying with the program, and generally to increase the resources allocated to the program. These steps would be needed to respond fully to the evaluation.

Finally, management is encouraged by the overall conclusion of the evaluation that the program should be retained and is potentially an effective mechanism of improving employment equity, and thereby responding to the needs of Canada's increasingly diverse workforce.

1. Introduction

1.1 Program Background

History of FCP: The Federal Contractor's Program (FCP) was established in 1986 to promote employment equity for four disadvantaged groups in Canadian society — Aboriginal people, persons with disabilities, visible minorities and women. The FCP applies to employers who have 100 or more employees, and who have contracts of $200,000 or more with the Federal government, excluding contractors in construction and legal services.

A parallel employment equity program, the Legislated Employment Equity Program (LEEP) was established by the *Employment Equity Act* (1984), to require employment equity of federally-regulated employers (banking, transportation, etc.) with 100+ employees. The importance of the program was reaffirmed when Parliament required that the implementation of FCP become "equivalent" to LEEP in the 1995 amendments to the *Employment Equity Act*.

The Original Social Justice Rationale: The original rationale for the FCP centered on social justice goals. This rationale emerged from the Abella Commission which examined labour inequality in Canada. Abella argued that the Government of Canada should be committed to achieving equity for the four designated groups, who were shown by extensive research to suffer discrimination in employment (Abella, 1984).[1]

The Environment for Employment Equity: The historic rationale for FCP was centred on societal and governmental goals for equity. Yet such goals must be pursued in a complex environment, and the implementation of a program like FCP is significantly affected by a number of factors including political support, economic factors and population and demographic changes, etc., as presented graphically in Display 2, A Conceptual Model of FCP, its Environment and Impacts.

Social-Historical Changes and the FCP: Noting the importance of environment as suggested above, it is important to consider that the environment for FCP has changed in the past ten years. Since the last evaluation of FCP in 1992, the designated groups have become a larger portion of the Canadian workforce. For example, the proportion of visible minorities among Canadian workers has grown from 8.8 percent to over 11 percent (estimated), in the past 5 years (see *Technical Report #1 - Literature and International Models Review*).

---

[1] Abella, Rosalie Silverman, *Equality in Employment: A Royal Commission Report*, Ottawa, Minister of Supply and Services, 1984. Abella recommended, as part of a broader employment equity strategy, that employers who do business with the federal government – and would otherwise not be required to do so – implement employment equity programs to ensure that the designated groups achieve employment representation consistent with their presence in the labour force. Employment equity is designed to redress systemic discrimination, to aid the four designated groups in being represented in all occupational and hierarchical levels given their availability, and to have employment systems which work well for both designated and non-designated employees.

Economic Changes: Industries have also changed greatly in recent years, with rapidly changing technologies, downsizing, declines in the size of employers, and extensive mergers, acquisitions, and divestments. On the government purchasing side, changes have also been significant. Changes in the broader NAFTA marketplace have reduced the significance of federal contracting for Canadian businesses (as noted by other Departments/Agencies).

Program Description: The FCP Program Criteria/Steps: Participating employers are required to make a commitment to employment equity, and to implement 11 steps or criteria with the chief goal of bringing about fair representation for the four designated groups in line with their representation in the relevant local workforce. The 11 criteria required of employers who implement employment equity under the FCP are:

1. Communication of employment equity policy to employees.
2. Assignment of a senior official to be responsible for Employment Equity.
3. Collection/maintenance of workforce information on designated group and non-designated group employees by occupation and salary level (i.e., workforce survey).
4. Analysis of company workforce data to compare designated group representation within the organization to their availability in the supply of qualified workers from which the contractor may reasonably be expected to recruit employees.
5. Elimination of systemic discrimination by reviewing, where an under-representation exists, formal and informal employment systems.
6. Establishment of goals and timetables for hiring, training and promotion of designated group members where there is an under-representation
7. Establishment of an employment equity work plan for reaching goals and timetables.
8. Adoption of special measures and accommodation where necessary to ensure that goals are achieved, including the provision of reasonable accommodation.
9. Establishment of a favourable climate for the successful integration of designated group members within the organization.
10. Adoption of monitoring procedures for the employers to assess the progress and results achieved in implementing employment equity.
11. Providing authorization to enter premises thus allowing Human Resources Development Canada (HRDC) representatives to access records noted in 3 above.

Delivery of the FCP: HRDC administers the FCP nationally through the Workplace Equity Program of the Labour Standards and Workplace Equity Directorate, and through HRDC Regional Offices. Staff provide education and consultation for employers, and implement compliance reviews to assess employer progress in terms of their "reasonable effort" to achieve employment equity. Overall FCP staff resources (total combined National Headquarter (NHQ) and regional staff complement working on FCP) was 13 FTEs in 1998/99.

Employers Covered: Some 845 contractors[2] (employing over 800,000 individuals) were reported to be covered by FCP at the start of 2000. Nearly half of all of these FCP employers are found in 6 industries: Business Services, Machinery and Equipment Supplies, Electrical, Chemical, Educational Services and Transportation Equipment.

Most FCP employers (482) have fewer than 500 employees while 363 FCP employers have more than 500. Only just over half (55 percent) of FCP contractors are Canadian owned companies, with a noticeable proportion, (53 percent) having recently been merged, acquired by another company, or having acquired subsidiaries. Geographically, FCP contractors are concentrated in Central Canada with over half of all firms being located in Ontario and a further quarter of firms being in Quebec. Since 1986, over $40 billion in Federal contracts have been awarded to FCP employers. (See *A Review of Administrative Topics in the FCP, Information Systems, Administrative Data and Tools/Publications*, Technical Report No. 4, FCP Evaluation for details).

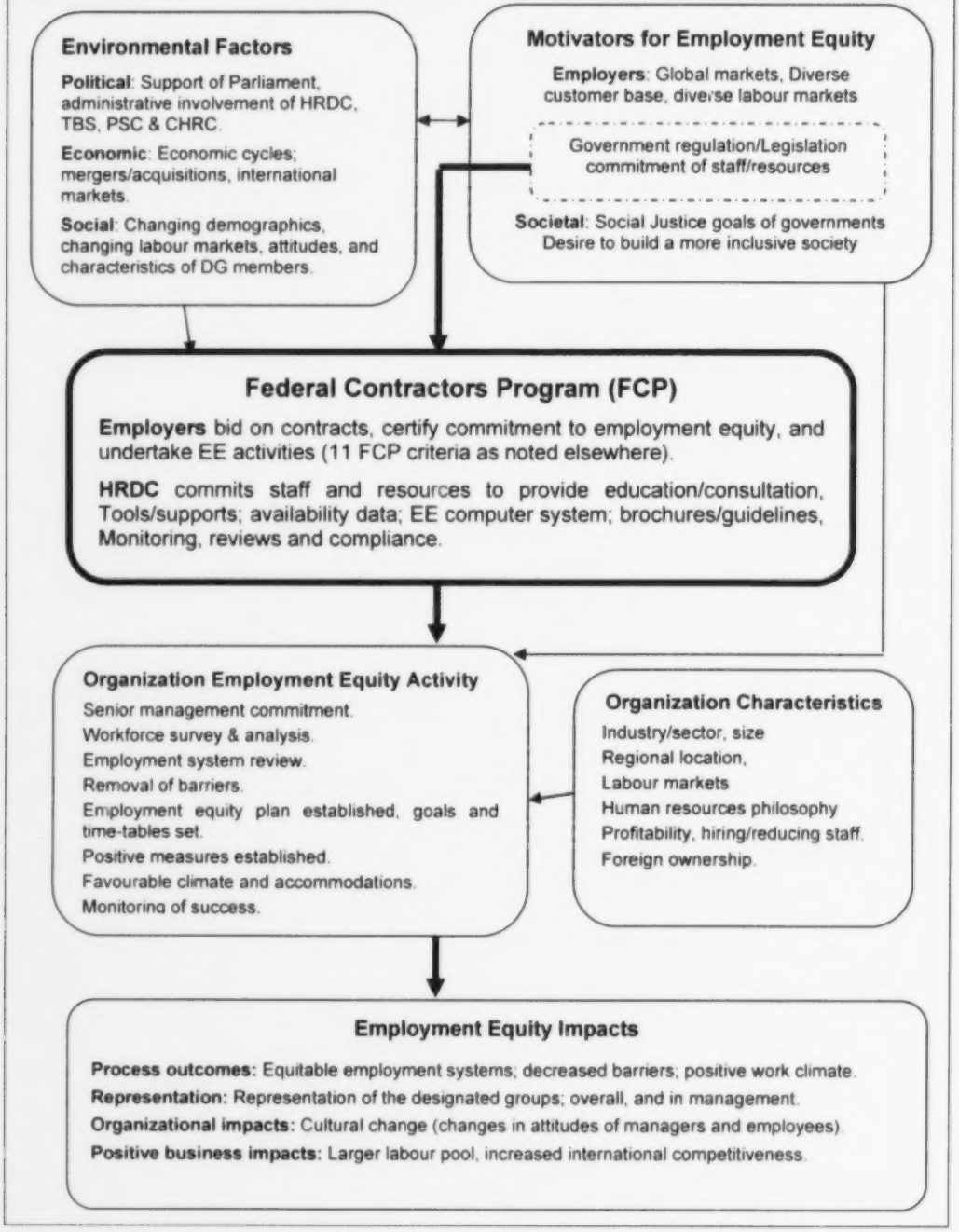
Display 1
Number of Contractors Covered by FCP by Region 2000-01[3]

Province	Number of Contractors Covered by FCP By Province
British Columbia	54
Alberta	41
Saskatchewan	8
Manitoba	26
Ontario	476
Quebec	184
New Brunswick	16
Nova Scotia	32
Prince Edward Island	0
Newfoundland	6
Total	845

[2] The terms *contractors* and *employers* are used interchangeably to refer to all the organizations covered by FCP. These include mainly private sector firms, but also some quasi-public bodies, such as universities.

[3] These data are from administrative records of the FCP, and reflect some of the limitations of FCP information systems generally. See End Note #1, for details.

Display 2
A Conceptual Model of FCP, its Environment and Impacts


Environmental Factors
Political: Support of Parliament, administrative involvement of HRDC, TBS, PSC & CHRC.
Economic: Economic cycles; mergers/acquisitions, international markets.
Social: Changing demographics, changing labour markets, attitudes, and characteristics of DG members.
Motivators for Employment Equity
Employers: Global markets, Diverse customer base, diverse labour markets
Government regulation/Legislation commitment of staff/resources
Societal: Social Justice goals of governments Desire to build a more inclusive society
Federal Contractors Program (FCP)
Employers bid on contracts, certify commitment to employment equity, and undertake EE activities (11 FCP criteria as noted elsewhere).
HRDC commits staff and resources to provide education/consultation, Tools/supports; availability data; EE computer system; brochures/guidelines, Monitoring, reviews and compliance.
Organization Employment Equity Activity
Senior management commitment.
Workforce survey & analysis.
Employment system review.
Removal of barriers.
Employment equity plan established, goals and time-tables set.
Positive measures established.
Favourable climate and accommodations.
Monitoring of success.
Organization Characteristics
Industry/sector, size
Regional location,
Labour markets
Human resources philosophy
Profitability, hiring/reducing staff.
Foreign ownership.
Employment Equity Impacts
Process outcomes: Equitable employment systems; decreased barriers; positive work climate.
Representation: Representation of the designated groups; overall, and in management.
Organizational impacts: Cultural change (changes in attitudes of managers and employees).
Positive business impacts: Larger labour pool, increased international competitiveness.

Factors in implementing FCP: Factors in implementing FCP are complex, as is suggested by Display 2. Motivators for Employment Equity include government legislation or regulation, as reflected in FCP or LEEP, but motives also require incentives or pay-offs for businesses since government programs can rarely be successfully implemented without some benefits to those who are covered. Therefore, employment equity can be motivated by such practical considerations as better use of labour markets (in which the designated groups are a growing part of the labour force), and more effective competition in international markets where having a diverse workforce can be an advantage. Where motivation is effective, organizations implement the 11 employment equity steps, with expected outcomes as noted in the last frame of Display 2.

What Employers do under FCP: Under FCP, employers pursue a variety of activities designed to aid the implementation of employment equity within the 11 criteria of the FCP model. These require employers to show management commitment; conduct surveys to assess the representation of designated groups in their workforce; review employment systems and remove barriers; set goals; establish positive measures and monitor results achieved (see Display 2, previous page). The practicality of different types of employment equity activities may vary by employer size, with more formalized, or larger scale employment equity activity being most practical for larger employers.

Expected Results: If employment equity is successfully implemented, the key outcomes should be that equitable employment systems are developed with systemic barriers removed for all employees, and equitable representation is achieved in all occupations including positions of authority. Overall, it is anticipated that employment equity, when effectively implemented, will also result in the development of a positive workplace culture for all employees. This last result is outside the formal goals of FCP and not a subject of this evaluation, but a central concern in current thinking about employment equity. Such change is possibly the most difficult employment equity outcome to achieve, since changes to workplace culture are challenging and may require special activities to take place over a number of years.

Challenges: Changes in the context in which FCP operates have major implications and present challenges for the administration and implementation of the program. For example, the declining size of Canadian private sector companies over the past decade means that fewer companies meet the FCP's 100+ employee threshold and therefore fewer firms are covered. Also, as a result of mergers and acquisitions, the definition of the contracting organization may become less clear. For example, a small company may own 5 subsidiaries with a workforce of 500 employees, but not appear to be covered by FCP if the parent company has only 79 employees. Some of Canada's most prominent corporations, which were previously covered by FCP, were found in this research to be classed as having under 100 employees, because of outsourcing, and were therefore no longer covered by the program.

Regional variations also raise important issues as the number of firms covered by FCP is small outside of Ontario and Quebec.

1.2 Evaluation Objectives

The previous evaluation of this program was concluded in 1992. Labour's decision to revisit the Employment Equity programs was taken in anticipation of a Parliamentary review of the *Employment Equity Act*, to inform that effort, as well as to provide direction to Human Resources Development Canada (HRDC) senior management for improving the Employment Equity programs operated under the *Act*. More specifically, the intent of the evaluation was to inform major policy directions for workplace equity and for the *Act*, to:

i. assess overall effectiveness of the FCP, its delivery systems and monitoring mechanisms;

ii. measure the extent to which the program is meeting its intended objectives to facilitate increases representation of members of the designated groups among federal contractors;

iii. demonstrate, through empirical evidence where available, to what extent FCP has contributed to improvements in workplace equity and in what specific areas;

iv. identify strengths and weaknesses of the current program by assessing overall program success, variations in program success, and significant factors associated with program success; and examine existing requirements and thresholds of the program;

v. provide "best practices" among federal contractors and lessons to be learned.

The findings of the evaluation were intended to inform and assist senior management in their decisions whether and/or how to reconfirm, modify, expand, improve or otherwise redesign the program.[4]

More generally, the evaluation was also to assess relevance (unique need for the program, appropriate role for Canada and HRDC); effectiveness (good implementation, obtaining results in a manner which does not impose inappropriate costs on government or employers), impacts (obtaining results as expected from the employment equity program, with no unexpected negative impacts); and future alternatives (finding ways to implement the program in an environment which minimizes regulatory effort and makes the program as simple as possible, while maximizing effectiveness). As well, the evaluation was intended to measure progress made in FCP firms/organizations for the designated group members, and to assess the success of the program in encouraging employers to comply with employment equity principles.

Altogether more than 30 evaluation issues or questions were examined for this study (See Annex A), under the categories of relevance, effectiveness, and impacts.

---

[4] From *Evaluation Framework*, Annex "B" of the RFP/contract, Terms of Reference for the FCP Evaluation.

1.3 Methodology

Overview: The methodology for the evaluation applied a wide range of data collection activities and obtained input from numerous stakeholders. The study components generated a number of technical reports which are referred to throughout the report and are bound separately from this Final Report (see Annex B for List). The components included:

- *an analysis of administrative data* from FCP files (Technical Report #4);
- *a literature review* and examination of similar contractors programs in other countries (particularly the U.S.) (Technical Report #1);
- *consultations with designated groups*: group discussions were held with representatives of the designated groups; four groups were held, in Ottawa and Toronto, with links to regional attendees by conference call (Technical Report #3);
- *key informant interviews*: over 50 stakeholders were interviewed including HRDC staff, CHRC personnel, staff of other federal agencies and departments, representatives of designated groups, international contacts, academics and employers (Technical Report #2);
- *a review of Public Works and Government Services Canada (PWGSC) contracting data*: over a million contract records were examined to assess the distribution of FCP contracts and to estimate numbers of contractors falling below the FCP thresholds (Technical Report #4);
- *case studies* of eleven employers; case studies were conducted in Western, Central and Atlantic Canada (Technical Report #5);
- *employer surveys*: surveys of over 700 FCP employers and 1,000 comparison employers; these surveys achieved response rates of 57 percent and 43 percent respectively (see End Note #2, regarding response rates and reliability indicators for these surveys) (Technical Report #7); and
- a survey of Workplace Equity Officers (WEOs at headquarters and in the regional offices), to assess their views on administration, compliance, other employer issues, best practices, and so forth (Technical Report #6).

2. *Relevance and Rationale*

2.1 Continuing Need for a Federal Contractors Program

Extent of Continuing Needs: A key issue for the evaluation is whether the Federal Contractors Program (FCP) is still needed in 2001. This question considers the program's fundamental social goals, whether designated groups still face employment discrimination in 2001, and whether the FCP is or can be effective.

The evaluation confirmed that given the employment inequities still faced by the designated groups, the FCP, or a similar program, is still needed. This view was particularly expressed by key stakeholders, including Human Resources Development Canada (HRDC) personnel, central agencies, and the designated groups. The program was seen as reflecting important social goals as well as addressing the continuing needs of the designated groups. Current economic research shows that there is still higher unemployment and poverty among designated group members, and that they have not been able to attain equal representation in the broader economy.[5] Further, as shown in Section 4, Impacts and Results of this report, continued discrimination against the designated groups is still evident in FCP workplaces.

Relevance and Logic: The reaffirmation of FCP in the 1995 *Employment Equity Act* was regarded as highly significant with regards to the relevance of the program and as underlining the government's priorities. Also, social goals to develop a more inclusive society (see the Prime Minister's web-site for a statement of current goals on inclusiveness) are supported by programs such as FCP. Further, a number of stakeholders noted that positive business impacts resulting from employment equity initiatives supported the rationale for the program. In the same vein, a number of FCP employers emphasized that employment equity was not just the "right thing to do", but was also "good business". Other factors supporting the logic of FCP were that considerable international research shows that contractors programs are effective when fully implemented (e.g., with monitoring, enforcement, etc.); the experience of other jurisdictions (U.S., Quebec) which have reviewed and continued their programs; the fact that new programs (South Africa) have been added; and the substantial nature of federal contracts (FCP contractors have been awarded over $40 billion in contracts since 1986).

---

[5] Evidence of continuing needs are noted in sources such as: Drolet (1999) points out that in the 1990s, the wage gap for women persisted with women's average hourly wage rate being generally 84 percent to 89 percent of that of men. Similarly, Ruth Dibbs and Tracey Leesti (1995), using the 1993 Survey of Labour and Income Dynamics (SLID) estimated that unemployment was 11percent for the population as a whole, 16 percent for visible minorities, and 18 percent for off-reserve Aboriginal populations. Other studies have illustrated continuing needs, such as Hum and Simpson (1998), and Drolet and Morrison (1999), examining poverty among persons with disabilities and visible minorities.

Discussion: Thus evaluation findings confirm that the FCP, or a similar program with the same goals, is still needed. Both stakeholders and employers reported a continuing need for the program, suggesting that FCP can respond to important needs and concerns of significant sectors of Canadian society, and can potentially produce a variety of benefits.

2.2 Targeting of the Designated Groups

Are the Groups in Need Covered? Equally important as the overall relevance of the program is the issue of the program coverage and the appropriateness of the targeting of the designated groups. Specifically, the question is whether Aboriginal people, persons with disabilities, visible minorities and women are still facing discrimination and does the FCP fit their needs.

Available Evidence: Generally, the evaluation findings did not point to any need for changing the current targeting of the designated groups.

Supporting the current coverage of the four designated groups is the fact that all other North American contractors programs cover essentially the same designated groups. The validity of this conclusion is reinforced by the statistical findings noted above,[6] particularly from Statistics Canada research, that these designated groups have not achieved representation to date.

As well, designated groups did not support the dis-aggregation of the designated groups, or the addition of any other groups to the program at this time. Nor was there was strong support from any other stakeholders to dis-aggregate nor to add other groups. While dis-aggregation of designated groups, such as breaking visible minorities into Black, Asian, etc. was not supported by those consulted for the evaluation, it was recognized that those who belong to more than one group face multiple barriers resulting in double or triple disadvantages.

Special Provisions: However, some special steps appear to be required to aid some of the designated groups. For example, persons with disabilities may require more job-related support (e.g., special equipment needs and transportation assistance for persons with certain mobility disabilities) and women may require additional assistance in the form of flexible work or family-friendly policies. Aboriginal people may benefit from interventions which impact on workplace culture generally, while visible minorities may benefit from more direct efforts to combat racism in the workplace culture.[7]

2.3 Unique Role of the FCP in Canada

Uniqueness of FCP: Another issue for the evaluation was whether the FCP is unique and non-duplicative of other programs, and whether it is an appropriate role for HRDC relative to other federal or provincial programs.

---

[6] See literature review, particularly studies using Statistics Canada's data, for example: Drolet (1999), Dibbs and Leesti (1995), Hum and Simpson (1998), and Drolet and Morrison (1999).

[7] See, *A Study Concerning Federal Labour Standards: Balancing Work, Family and Learning in Canada's Federally Regulated Workplaces*, a study by SPR Associates, for HRDC, January, 2000.

Designated groups and other stakeholders consulted for this evaluation widely reaffirmed the uniqueness of the FCP as a program for Canada, and one which provided an important social equity leadership role for the Federal Government. Specifically, the FCP was regarded as important because, outside of the Quebec contractors program,[8] it is the only significant government program supporting employment equity among employers in Canada (other than LEEP, which covers very different groups of employers). Thus the federal government was seen as providing leadership and a role model by implementing a contractors program.

The role of HRDC: Additionally, HRDC's role in delivering the program was seen to reflect unique positioning in several ways. For example, delivery of the FCP was seen as aided by the relationship HRDC has with labour markets and its closeness to other workplace issues related to employment equity. Thus, as one stakeholder noted "if an employment equity program needed better outreach efforts to identify designated group job candidates, who better to aid this than HRDC" (with its job banks, employment centres, etc.). This role of HRDC was strongly supported by stakeholders.

An exception to general support for HRDC's pre-eminent role was that a number of stakeholders, particularly the designated groups, argued for a role for the Canadian Human Rights Commission (CHRC) or some other independent agency in the enforcement of the program (e.g. compliance audits). In this area, HRDC was seen by designated groups to be in too much of a "conflict of interest", because of its intricate relations with employers in other programs (jobs, training, etc.) and its role as a provider of information and education.

These findings point to the uniqueness of FCP's role, and support the continuation of the FCP or a similar program, and confirms in general the role of HRDC as program deliverer, subject to needs for improved accountability – that HRDC can demonstrate its ability to ensure adequate compliance monitoring.

---

[8] Only FCP requires employment equity of employers across Canada generally, outside of LEEP. Quebec's program only covers about 160 employers, and no other province operates an EE program. British Columbia is reported to be exploring the establishment of a contractors program but has not established it yet.

3. *Federal Contractors Program (FCP) Design and Implementation*

The overall question considered in examining the implementation of FCP is whether the FCP model is consistent with its objectives and effective in its implementation. This question was considered in terms of a wide range of issues, including the basic employment equity model; program parameters such as the thresholds for coverage; adequacy of staffing and other resources; and compliance activities.

3.1 Employment Equity Model Applied Under FCP

Generally, stakeholders indicated that the basic employment equity model of FCP — the set of 11 key criteria — was a good model, appropriate, and effective when fully implemented.

Employers participating in case studies for the evaluation also generally indicated satisfaction with the employment equity model, although smaller employers wanted to see program requirements simplified. Further, Workplace Equity Officers noted that while the basic 11 criteria remain appropriate, they felt that the criteria needed to be better organized to reflect how employment equity should actually be implemented. No substantial changes in these criteria were suggested by stakeholders, employers, or FCP staff, with one exception — more consultation with unions was suggested as being a desirable objective. Further, it was recognized that a more simplified model would better suit smaller employers. Finally, where fully implemented, the employment equity criteria were found to be effective in achieving better workforce representation for designated groups (see Section 4 for related analyses regarding the positive impact of employers implementing the 11 key steps).

3.2 Equivalency of FCP with Legislated Employment Equity Program (LEEP)

The Intent of Equivalency: While amendments to the *Employment Equity Act* called for the implementation of the FCP to be equivalent to the Legislated Employment Equity Program (LEEP), it appears that there has been no significant change to FCP since the requirement was outlined in the 1995 amendments. The relevant section (42.2) of the *Act*, reads: "The Minister is responsible for the administration of the Federal Contractors Program for Employment Equity and shall, in discharging that responsibility, ensure that the *requirements of that Program with respect to the implementation of employment equity* by contractors to whom the Program applies *are equivalent to the requirements with respect to the implementation of employment equity by an employer under the Act.*" (emphasis added).

In a number of key areas – i.e., consultation with unions, reporting and compliance – very substantial differences remain between FCP and LEEP. Specifically, differences between FCP and LEEP include the fact that LEEP covers casual employees while FCP does not, and LEEP *requires* consultation with unions while FCP does not (though FCP guidelines encourage such consultation). With respect to reporting, FCP employers do not have to report while LEEP employers do. While LEEP compliance is regulated through the Canadian Human Rights Commission (CHRC), Human Resources Development Canada (HRDC) is responsible for both consulting and compliance for FCP. Some stakeholders noted that FCP is viewed as more flexible than LEEP, a fact that is seen as being beneficial. They emphasized that while there is a desire to achieve equivalency this should be done without losing this flexibility.

It has been almost five years since the *Act* was amended and equivalency is hindered by the lack of a clear definition by the Labour Program of "equivalency in implementation." While this includes the 11 steps of implementing employment equity, FCP headquarter staff do not have a clear interpretation as to whether this includes reporting and compliance and parameters such as thresholds. Thus this may be a key area for clarifying directions of the FCP for the future.

3.3 Reporting, Goals and Timetables

Reporting and Related Issues: The possible need for FCP reporting, mandatory goals, and timetables was an important consideration for the evaluation, particularly in view of the new "equivalency" provisions in the *Act*. This was particularly so as currently FCP does not require any reporting by employers at all.

Findings: The evaluation identified a number of factors favouring a new reporting regime, where almost all key stakeholders (designated groups, Workplace Equity Officers (WEOs) and other government key informants) felt that the FCP could not operate effectively without employer reporting. They indicated that without such reporting there is no way to assess or measure employer progress, and no way to measure program compliance or impacts. Indeed, most indicated that, if employers could not report on progress, then they were probably not doing employment equity at all.

Employer Views: Only 16 percent of employers indicated that annual reporting would be a hindrance to achieving employment equity, a factor favouring the implementation of reporting. However, it is important to note that many stakeholders emphasized that reporting should not be too onerous on employers and should only require them to provide data which is needed to prepare employment equity plans (routine reporting in a simple format was noted by WEOs as a good way for employers to keep their representation statistics up-to-date).

Other findings noted were that other contractors programs (LEEP, Quebec, U.S. program) all require some reporting. However, the type of reporting required, and maximizing its usefulness to employers, is a key issue. For example, a current frustration for employers is when WEOs ask for data to be reported which is not useful for the employers' achievement of employment equity, such as asking for national data when the

employer recruits locally. Reporting also can enable employers who are committed to employment equity to assess how well they are doing in comparison to others, so a reporting regime should ideally include employer feedback.

Goals and Timetables: Voluntary goals and timetables are currently required under FCP. Most case study employers did not favour mandatory goals, though a small number said they would not be problematic. Also, employers emphasized that achieving goals depends on the economy. Further, case study employers felt that numerical goals sent the wrong message about hiring the best-qualified people.

While reporting was broadly supported by stakeholders, most stakeholders, including employers and WEOs expressed concern that reporting not be too onerous (i.e., such as under LEEP at this time).

3.4 Thresholds and Exemptions

3.4.1 Organization Size

Is the 100 employees cut-off still valid? The evaluation considered whether the FCP is designed to target the appropriate-sized employers. The question was should FCP continue to focus only on employers with 100 or more employees or should a change be made in the threshold?

A number of findings pointed towards the desirability of lowering the size threshold to include smaller employers. Designated groups felt strongly that thresholds should be lowered from 100 to 50 employees. Arguments for changing the threshold included the fact that many representatives of designated groups, particularly Aboriginal people, reported that they tended to be employed in small firms and that smaller firms were more typical of the regions where they live, so that the 100+ employees cut-off limited the reach of the program for them. Other stakeholders and the literature review also supported such a change. For example, the U.S. program — the original model for the FCP — requires an affirmative action plan from employers with 50+ employees.

Stakeholders also expressed some concerns about the definition of "employees", suggesting that some employers have numerous contract staff and freelancers, resulting in the employer nominally having fewer than 100 employees.

Discussion: Other considerations also affect the thinking about lowering the size threshold, and reflect the complexity of this matter. First, LEEP and FCP currently use the same size cut-off. Second, FCP is currently stretched in terms of staffing resources, as is shown later in this report. Lowering the size threshold would most likely — unless a very different delivery strategy were developed -- create additional work for an already overworked and understaffed program. Finally, there are important differences in implementing employment equity in smaller firms, so that if the threshold was lowered or eliminated, it would be essential to consider how the program could be adjusted to take into account the very different needs of smaller employers.

3.4.2 Contract Value

The evaluation considered whether the FCP should continue to focus only on employers with contracts worth over $200,000. Many stakeholders, particularly the designated groups, argued that the contract size cut-off should be lower to include more employers, with $50,000 or $100,000 levels being frequently suggested. The argument of designated groups was that including such contracts would extend the program and thus reach more employers and provide more aid to the designated groups. Additionally, designated groups argued that, as with suggested changes to the number of employees threshold, this change would improve regional coverage of the FCP.

Other arguments which stakeholders noted are relevant to the practical operation of the program. First, a lower contract size cut-off would control for possible contract splitting, which it was suggested, is done sometimes by government departments to avoid contracts reaching the program threshold, or for other administrative reasons. Second, a lower cut-off could more effectively capture all contractors with a substantial business relationship with the Federal government and reduce the potential for employers moving in and out of the program as they start and end contracts. Third, participating departments and central agencies reported that cumulative contract value, which was considered as a possible program change, was not considered a viable alternative for contracting departments, because of the lack at this time of suitable information systems to monitor total contract activity.

3.4.3 Exceptions

A related issue for the evaluation was to consider if employers currently exempted from the program (particularly construction and legal services) should be included in FCP. A broad base of stakeholder opinion, particularly designated groups, favoured the removal of exemptions in FCP generally, and extension of coverage to all sectors.

As well, many FCP employers who were surveyed favoured the removal of exceptions for construction (endorsed by 36 percent of employers surveyed), legal services (40 percent of employers), and organizations receiving grants (57percent of employers). In key informant interview with employers, the factor in employers minds was fairness – that if they had to comply, others should as well. This issue of equity is, as noted, below a recurring one in this discussion.

In 1989, the Bureau of Management Consulting review of FCP made the same case for including all major business sectors as it did for smaller and larger employers, mainly on the grounds of *equity* — that is, if firms in manufacturing or similar sectors must comply with FCP, other sectors such as construction or legal services should also have to comply. Additionally, it was noted in the international review component

of the evaluation that other programs (particularly the U.S. contractors program) covered all sectors, including construction.[9]

3.4.4 Sub-Contracts

The question of whether sub-contractors should be included in the program was considered, and while some other contractors programs include sub-contractors, it is not clear how easy it would be to implement such a requirement. Sub-contractors are covered by Quebec's contractors program, which requires the primary contractor to comply with employment equity initiatives and oversee what the sub-contractors do. Similarly, the U.S. program includes sub-contractors.

However, it is not clear from the evidence available exactly what the conditions are to make this work well. For example, the Quebec treatment of sub-contractors was reported to be ineffective and reports from the U.S. suggest that their treatment of sub-contractors may also be somewhat problematic.

Also, as was emphasized by one FCP staff member, sub-contractors do not make the decision to do business with the federal government as do the primary contractors, but on the other hand sub-contracts can provide a method for contractors to avoid their obligations of employment equity. This is an important issue in this era of outsourcing and downsizing (see Bureau of Management Consulting, 1989).

3.5 Internal FCP Information Systems

Information Systems: An examination of FCP's internal information systems found that systems were extremely inadequate and insufficient to support good program management and accountability and that they were a source of inefficiency in the work of WEOs and managers. These internal information systems did not provide reliable data on either the progress of employers, or the activities of WEOs, thus preventing strategic management or allocation of resources. Also, most WEOs (85 percent) reported that the lack of information system resources was a major factor causing stress on the job.

Impacts on Reporting and Accountability: Partly as a result of the lack of good information, regular progress reports are not produced for the FCP, and the FCP has not produced a public report – such as an annual report – on its overall work since 1994. These factors appear to have contributed to the low visibility of the program within HRDC and to the lack of awareness of the program outside of HRDC.

[9] The U.S. includes construction contractors but has a different implementation process for this sector because of the unique aspects of employment in this industry (e.g. union hiring halls, etc.), suggesting that new approaches would be needed for FCP to work in this sector, if this exception was removed.

The problems with administrative and internal information systems suggest that there is a need for substantial improvement of the internal program information systems, linking employer data to both WEOs regional data and to Headquarters to support strategic reporting and planning efforts. Ideally, the information systems would provide the main information for an annual report on FCP.

3.6 Staffing Resources for FCP

Staffing Resources: The evaluation examined the adequacy of FCP resources and deployment. FCP was, even in 1992, already deemed to be under-staffed (see *Evaluation of the Federal Contractors Program*, EIC, 1992), suggesting that the program has been understaffed since its inception.

Even so, the program staffing was drastically cut in the mid-1990s — with much deeper cuts, stakeholders indicated, than occurred across HRDC generally. Overall FCP staff resources were reduced (total combined NHQ and regional staff complement working on FCP) dropping from 26 FTEs in 1994/95 to 13 FTEs in 1998/99, limiting the capacity of the program for field efforts, both in education/consultation and in compliance reviews. Regional staff dedicated to FCP has dropped from 14 in 1994/95 to 7.5 in 1999 (communications from Workplace Equity). Thus the total staff complement for FCP dropped from 26 FTEs in 1994/95 to 13 FTEs in 1998/99.

Thus in 2001, the current number of FTEs allocated to FCP are insufficient to fully implement the program as it is designed. This is reflected in the low level of compliance activity under the program, and low level of contacts with employers.

Organizational Changes: Organizational changes have also been a concern for the program, as seen by a number of HRDC stakeholders, and may also have exacerbated workload problems. Until 1993, there was a separate compliance unit located in Ottawa. When compliance was moved to the regions, no additional staffing resources were added. At the time of the evaluation, the headquarters view was that in the regions, WEOs are frequently re-directed to work in Part II or Part III or general labour standards administration (see Section 3.13 for a full treatment of organizational issues).

Other Work-Load Factors: LEEP employer demands for informational support have also been substantial in this time period and have increased since the last revisions to the *Act* increased the profile of LEEP. Because LEEP is legislated and annual reports are required, LEEP employers are often given priority over FCP employers. As well, following the new legislation in 1996, WEOs were given new responsibilities (e.g. pay equity) in the same time period.

Need for more staff for FCP was also indicated by the large number of FCP employers who reported not hearing from a WEO for years (resulting in the program losing its apparent significance, and giving the impression that the program is not really going to be applied); and the majority of FCP employers who identified having "more access to FCP staff" as a factor that would aid implementation of the program.

Some Comparisons: In the U.S. literature, effective enforcement was shown to be strongly dependent upon adequate staff resources. In particular, the U.S. program was strongly staffed in its initial years, when program expectations were being institutionalized with employers. To draw a key comparison within the Canadian federal jurisdiction, about 13 Workplace Equity FTEs currently implement FCP for over 800 firms. In contrast, the enforcement component of LEEP at CHRC has a current staff complement of 30 for some 400 federally regulated employers, federal departments and agencies. Were FCP to be resourced at the same level as LEEP enforcement, staff complement would be more than doubled.

Summary: Stakeholder and employer responses also point to a need to rebuild the staff resources of this program, if it is to be delivered as designed, and its goals achieved.[10] Some key stakeholders noted, however, that program goals are not achieved simply by "throwing bodies" at the problem. Rather, some new methods may need to be considered such as a new information-communications strategy and partnering, both of which could be key drivers for more effective and efficient FCP delivery.

3.7 Compliance Activities

Compliance Issues: The evaluation examined the adequacy of the FCP compliance strategy, including guidelines, compliance reviews and related factors. This analysis revealed that FCP compliance activities are a major weakness of the program. This was seen in FCP employer survey results which indicated that less than half of FCP employers were implementing key FCP steps.[11]

This was also strongly shown in administrative data that indicated that from 1992-95, the number of FCP compliance reviews completed ranged from as low as 121 to as high as 217 per year. Overall, the number of completed reviews has dropped considerably, between 1993 and 1999, going steadily downward from 217 closed in 1993 to 33 closed in 1999 (see Display 3 below).

---

[10] This could require more than just replacing lost staff, but may also require adding staff for a 3-5 year period to establish new program elements and to institutionalize responses to this program among employers. Also, ensuring that the staff complement includes trained, experienced employment equity officers, who are able to guide employers, may be an important consideration.

[11] An analysis of the employer survey data indicated that *compliers* — those who were more likely to implement the FCP steps -- were larger firms, quasi-public bodies such as universities, foreign-owned firms, and those where change in workplace culture was indicated. *Non-compliers* tended to have opposite characteristics of being private sector, smaller, Canadian-owned firms.

Display 3
Historical Compliance Review Activity by FCP (Calendar Year Data)

	# opened	# closed	Mean Days to Complete	Reviews ongoing Dec. 31	Ratio ongoing/ closed
1987	37	0	619	37	-
1988	52	9	464	80	8.8
1989	70	67	457	83	1.2
1990	155	79	440	159	2.0
1991	150	124	446	185	1.5
1992	215	148	456	252	1.7
1993	166	217	329	201	0.9
1994	122	121	445	202	1.7
1995	165	122	439	245	2.0
1996	83	89	518	239	2.7
1997	45	60	589	224	3.8
1998	36	45	(465)	215	4.8
1999	41	33	(280)	223	6.7
2000	**	**	**	243	**

( ) =Insufficient time elapsed for valid estimate
* To April
** Not Computed
Source: FCP administration data.

Possible Reasons for Decline in Compliance: While compliance reviews can prompt employers to implement employment equity activities, compliance reviews, as currently undertaken, have only modest impacts. This is because they often only result in employers beginning the employment equity process, they are infrequent and drawn out over a long time period, and they are not linked to potential penalties if compliance is poor.

Historically, the FCP compliance review process typically involved many extensions (e.g., because the person managing employment equity leaves or other organizational changes occur), and can take more than a year to complete. One of the reasons for the decrease in compliance reviews appears to be the elimination of a separate compliance unit, this activity having been given to the regions in 1995.

A number of FCP employers also felt that compliance reviews are potentially important as a motivator. A few case study employers found the compliance review process helpful since a compliance review can help management identify and correct gaps and weaknesses. But other employers who participated in case studies indicated that the expectations were unclear and the process was time consuming relative to the benefits.[12]

[12] In this vein, the experience of the U.S. program highlights the importance of a strong compliance program, since compliance was a strong feature of the U.S. Program during its first decade. Sixty-nine percent of foreign-owned FCP employers have a U.S. parent (see Technical Report 7, FCP Evaluation, Display 1).

Survey responses suggest that employers know what to expect from compliance reviews with the majority of employers indicating that the process was clear. However, the FCP employer survey indicated that only 26 percent of employers found the compliance review process helpful and only 25 percent were satisfied with this process (see Section 4.6 for details on employer satisfaction with FCP).

While the Workplace Equity Officers' (WEOs) dual role of consultation and compliance was seen as problematic by some, the fact that WEOs reported that they *only spend about 7percent of their time on FCP compliance reviews* significantly contributes to the weakness of the FCP compliance process. Designated groups and other stakeholders suggested that this dual role creates a conflict of interest for WEOs. Some employers also indicated that having the same person educate them on employment equity and conduct the compliance review does not give the compliance process enough clout.[13]

It appears that the very definition of "compliance" is problematic. In FCP today, "compliance" effectively is defined as not refusing to do employment equity, rather than the stated requirement in the U.S. where "good faith effort" is defined and treated as actually making progress. A related problem for compliance reviews is that there is no way to distinguish between different levels of involvement/commitment to employment equity. This suggests that a compliance "continuum" – a range of compliance tools or procedures – would help. Such a continuum could be linked to a range of penalties rather than just the ultimate penalty of disbarrment.

3.8 Enforcement

Need for Enforcement: When examining the adequacy of FCP enforcement, multiple evaluation data sources (administrative data, surveys of employers, case study interviews and surveys of WEOs) indicated the need for stronger enforcement of FCP. Given that employer compliance tends to be weak, especially given the lack of real penalties for unresponsive employers, and the fact that the existing enforcement mechanism (disbarrment from contracts) is very rarely used is a problem.

This weakness of the FCP enforcement process was seen by stakeholders as greatly limiting the program's impact. Indeed, the evaluators noted reports that only eight contractors had ever been disbarred. However, stakeholders reported that as a rule, no employers have recently been prevented from bidding on a new federal contract because of non-compliance, although many employers – stakeholders noted – do little or nothing to fulfil their FCP commitments.

Key stakeholder and administrative data both point towards a need for a new process and – if the program is to be effective – significant repercussions for employers who fail to fulfil their FCP commitments. In the course of the evaluation, a variety of suggestions were put forward by stakeholders which could be alternatives for the future, such as requiring the filing of the employer's most recent employment equity report to FCP when bidding on new contracts. Such requirements could ensure that employers are "up-to-date" on their

[13] See: *Report on the Survey of FCP Staff*, Technical Report #6, FCP Evaluation, 2001.

employment equity efforts; or an employment equity holdback on contracts could be implemented with the holdback being rebated only when a "good faith effort" has been made by the employer.

3.9 Tools and Supports

Types of Tools and Supports: The evaluation assessed the usefulness of a wide range of FCP supports such as Regional staff, and tools (such as guidelines, statistics, and educational materials). This assessment was somewhat hampered because tools for employers are difficult to access from the HRDC website.

While most of the FCP material that is available can be found on the FCP web site, not that much is available in print and the web site is difficult to find. Many of the case study employers did not know that there was a web site and much of the material referred to on the web site is old, not written in a user-friendly manner and does not use the current language of employment equity. FCP employers are encouraged to use LEEP guidelines but since the programs currently differ, this can be frustrating for FCP employers who may unnecessarily do work needed for LEEP that is not required for FCP (e.g., reporting).

Employer Assessments: Employers reported that they find the data collection and analysis process time-consuming and were concerned about accuracy. For example, some case study employers suggested that not all designated groups self-identify themselves in the workplace surveys that employers conduct. Additionally a number of these employers reported that the data analysis was difficult and time-consuming and many also noted that National Occupational Codes did not fit their industry.

FCP employers were asked about a variety of specific tools or measures which might help implement FCP (see Display 4, below). A substantial number of the responding employers indicated that various new tools materials or supports would help with their implementation of FCP. For example, most indicated that they would benefit from sample material they could adapt (80.3 percent); better software/tools from the federal government (77.8 percent); more information on employment equity for employers (72.5 percent); feedback on how their firm is doing relative to their industry (71.1 percent); and worksheets which would calculate gap once employer data was put in (76.9 percent) would help them in their efforts to comply with FCP requirements.

Other supports such as annual reporting of representation to the federal government (31.1 percent); better recognition for Award winners (31.3 percent); and more information about the FCP (36.7 percent) were areas where fewer FCP employers identified as potentially helping implementation. Importantly as well, few of these alternative approaches were regarded as potential hindrances by employers. For example, annual reporting was assessed as a potential hindrance only by 18 percent of employers, and the only items rated as substantial hindrances were "separating sub-groups" (35 percent regarded as a hindrance), and "enforcement of the FCP by the CHRC" (37 percent regarded as a hindrance).

In the same vein, all of the WEOs surveyed (100 percent) supported the idea that employers would be helped by having more access to FCP staff and tools. They indicated that employers would be aided generally by more information on employment equity and "how-to-do-it" kits; sample materials that employers could adapt; better recognition of award winners and more information about the program generally, for example, by providing an annual report.

Also, WEOs noted that a number of strategies could be used to improve program delivery and compliance, including increased staff resources (100 percent); more compliance activities (92 percent); better information systems (91 percent); increased educational efforts for employers (85 percent); and periodic reporting from employers (85 percent).[14]

Display 4
What Would Help the Implementation of Employment Equity

Would your organization's efforts to attain employment equity and comply with FCP requirements be helped or hindered by the following ? (Numbers below indicate % of respondents choosing "helped")

80.3%	Sample material employers could adapt (e.g. communications, draft policies)
77.8	Better software/tools from the federal government
76.9	Worksheets which would calculate gap once employer data was put in
72.5	More information on EE for employers, training, "how to do it" kits, etc.
71.1	Feedback on how your firm is doing relative to your industry/sector
68.0	Help in contacting/locating EE group job candidates
58.3	Linkages to other FCP employers to discuss issues and EE initiatives
56.0	More EE information for employees (posters, brochures, etc.)
50.0	Different EE approaches for small employers (e.g. less than 500 employees)
49.7	More access to FCP staff to review issues, problems
43.9	Holding unions as well as employers accountable for EE
41.1	Establishment of industry/sector associations around EE issues
36.7	More information about the FCP – e.g. an annual report from HRDC on FCP
31.3	Better recognition (public announcements etc.) for Award winners
31.1	Annual reporting of representation statistics to federal government
10.7	Enforcement of the FCP by the Canadian Human Rights Commission
8.6	Separating designated sub-groups (e.g. Blacks from visible minorities, etc.)

Source: FCP Employer Survey

3.10 Information-Communications Strategy

Communications in FCP: Does the program communicate effectively and efficiently with employers? Do such communications build relationships, partnerships, and broader support for employment equity goals?

Findings: The survey of FCP employers suggested that many employers have not been contacted by FCP for periods of a year or much longer (most employers were contacted by FCP staff only every 3-5 years). Often when contact is made regarding compliance

[14] See: *Report on the Survey of FCP Staff*, Technical Report #6, FCP Evaluation, 2001.

reviews, only then do employers begin their employment equity activities. A majority of employers suggested that they wanted more contact with FCP staff. This suggests that more contacts and better partnering with employers could be aided by a stronger information-communications approach as an overall strategy to better develop employment equity in FCP workplaces. Other problems noted included the lack of a clear explanation of FCP at the bidding stage, and what the employment equity process could involve. Additionally, communications with other federal departments were very limited (observation based on key informant interviews), and little communications was found with designated groups (data from focus groups and key informant interviews). Most strikingly, the last publicly available report on FCP was published in 1994, with no other comprehensive public reporting on the program in the 7 years since then. This pattern was very unlike that noted for the U.S. program which involved extensive communications, and also community level efforts (See literature review).

3.11 Positive Incentives: Awards Programs

Merit Awards: The value of the Merit Awards Programs was assessed to consider the potential for positive incentives (recognition of exemplary employers, etc.). From 1990 to 1994 almost every FCP employer who applied was given an award but since 1994 awards have not been automatic. Even though the majority of FCP employers are small, the majority of award winners are large. In part this may be because the application process for awards is costly and winning can also be costly (e.g. making video, going to award ceremony).

Findings: The evaluation indicated that the Merit Awards Program has value for "rewarding" good employers and is a good illustration of best practices, but that the program has reached few employers and is little known or valued outside of those who apply. Only 5 percent of employers rated the awards process as helpful for their employment equity efforts, but 31 percent favoured better recognition for awards winners.

The Merit Awards Program appears to be useful to those who participate, but a number of stakeholders suggested the program needs to reach more, and smaller, employers. New approaches could include: providing transportation and accommodation for awards winners as an encouragement to participate in awards "meetings"; the sharing of best-practices by FCP and LEEP employers; and providing positive feedback to FCP employers by reporting good performers in a widely distributed annual FCP report.

3.12 Costs to Employers and Government

The Issue of Costs: The issue of whether implementing employment equity resulted in employers having a perception of, or of actually incurring, undue additional costs was addressed by the evaluation. Additionally, a number of key stakeholders expressed concern that the implementation of any new program features in the future should not impose undue costs on the participating federal departments who identify contractors as having requirements under the FCP.

Findings: Economic impacts on employers from the implementation of employment equity in their workplaces was not noted as a significant concern in data collected for the evaluation. Indeed, reported *actual costs were modest* for employers who were engaged in active employment equity implementation,[15] averaging $33 per employee. Thus, for example, on average an employer with 100 employees would face an annual cost of $3,300 to implement FCP. Further, costs appear to be offset to some degree by positive economic business impacts (see Section 4.5). Costs for Federal Departments were also not significant, according to Departments representatives who were interviewed.

3.13 Organization within HRDC

Organizational Issues: The evaluation examined administrative obstacles to FCP success, particularly in the organization of the program within HRDC, and in interdepartmental roles. FCP is located within the Labour Standards and Workplace Equity Branch and it was found that within this unit, equity is, in the eyes of many stakeholders, overshadowed by broader concerns with labour standards and occupational safety and health. This was reported to be particularly true in regional offices where Workplace Equity Officers (WEOs) are the only ones working on equity issues and often the regional manager has little or no knowledge of such issues (see Technical Report #6 – Survey of FCP Staff/WEOs).

Findings from the key stakeholder interviews suggest that the location of the program within HRDC Labour program is logical because of the linkages with employment equity workplace issues. However, the actual delivery and effectiveness of the program is perceived by some as significantly hindered by a lack of priority for the program and a lack of attention by senior management.[16]

Historical Issues: Until 1995, the FCP was located within a separate Employment Equity Branch in HRDC and as such had a much higher profile with its own Director General and so on. That Branch also retained its own policy personnel which is an important element to a complex program such as FCP which must deal with a wide range of stakeholders and complex policy questions such as pursuing the directions of Parliament regarding equivalency.

In 1995 the Employment Equity Branch was combined with Labour Standards in a new Labour Standards and Workplace Equity unit. Additionally, and a factor given great importance by key HRDC stakeholders, policy staff were removed from the employment equity program when it was combined with Labour Standards. HRDC Stakeholders emphasized that combining Employment Equity with Labour Standards, and removing its policy staff complement greatly reduced both the standing and capacity of the program. Most importantly, direct access to such policy staff was limited in the new organizational structure, reducing the extent to which policy staff could be applied to FCP issues.

---

[15] Costs were more likely to be reported by employers who were engaged in active EE programming. In contrast, and not surprisingly, employers who were doing little for FCP implementation were likely not to identify any costs.

[16] This may be understandable since they must manage other major programs within Labour (labour relations, labour standards), and within the department as a whole (e.g. Employment Insurance, Canada Pension, etc.).

Current Issues: It was also noted that all the staff working on employment equity within HRDC are not in the same unit, which decreases their effectiveness. In Ottawa, the FCP unit is separate from LEEP and employment equity policy. In the regions the WEOs are responsible for both employment equity programs (LEEP and FCP) along with pay equity, which is quite different. Further, there is no legal counsel closely involved with FCP, even though there are many legal issues that need to be addressed. Finally, stakeholders noted that there is no well-established link between FCP and other employment programs run by HRDC.

3.14 Roles of Participants in FCP and Stakeholders

Is there a Need to Clarify Certain Roles? Whether the roles of FCP participants are clear was examined by the evaluation with data from case studies, discussion groups, and surveys indicating that the sporadic contacts between FCP program staff and FCP employers leads to confusion about the program and its requirements.

Findings: The evaluation highlighted the extent to which partners, such as representatives of designated groups, unions, and industry associations, are not aware or involved with FCP.

Employers and Unions: Stakeholders and related data indicate that the roles of participants are generally unclear for workplace parties (employers, unions, etc.) as unions are not required to be involved in FCP (as they are in LEEP). This was noted as a concern since local unions also need to be educated about employment equity. Case study participants suggested that in some cases unions may be supportive of employment equity, but there are also instances where seniority/union contracts, etc., work against employment equity.

Designated Groups: With regard to designated groups, it was apparent that knowledge and awareness of the program and its workings is poor among these groups and that designated groups have no formal role in FCP. Some designated groups, particularly Aboriginal peoples' groups, expressed a desire to have a role in overseeing FCP, for example, by serving on an advisory committee for the program. Thus partnerships with designated group organizations may be an avenue for building capacity for FCP.[17]

Other Departments: As regards other government departments, it was noted that generally, outside of PWGSC, departments reported that their role was simple and clearly understood. However, it was apparent that other departments had little understanding of FCP and its goals, which may point to a need for informational efforts on the part of the program.

[17] It was noted, for example, that the U.S. literature evidenced good impacts for a strategy termed "the hometown plan" which involved local organizations – employers, minority group bodies and others –working together for improved linkages, hiring referrals etc.

4. *Impacts/Results*

This section is central to measuring the success of Federal Contractors Program (FCP) overall in achieving its objectives. The pivotal issues for examination included the extent of implementation of employment equity plans by FCP employers, and evidence of increased representation in FCP by designated group members; also has the program contributed to awareness and reduction of barriers? Finally, how effective is the program in promoting, supporting, and enforcing compliance with employment equity principles?

4.1 Overall Implementation of Employment Equity

Some Key Positive Results: A key evaluation finding is that where employment equity is being implemented it is principally because of FCP requirements. This was reported by close to 90 percent of FCP employers, with only a small percentage of employers reporting that they would implement employment equity for their own human resources strategy (14 percent) or business reasons (5 percent), if they were not covered by FCP. This finding was very different from that reported by the 1992 evaluation which suggested that most FCP employers would have implemented employment equity anyway. Additionally, the employer survey revealed that FCP employers were much more likely to implement the basic employment equity model steps than non-FCP employers who were active in employment equity (see Display 5, below). Even so, implementation of the FCP was generally uneven across employers, or only partial. Only about 10 percent of FCP employers implemented FCP measures fully – implemented all FCP activities or steps. *On average, the employer implementation rate was only for about 50 percent of the 11 steps required,* with more complete implementation of the 11 steps being more likely in larger firms (see p. 2 for a description of the 11 steps).

Display 5
Employment Equity Activities Undertaken
by FCP and Comparison Non-FCP Employers*

FCP	NON-FCP	Employment Equity Activities Undertaken
82	27	Formal commitment to EE made at senior level (Board of Directors, CEO)
76	31	Conducted a workforce survey of employees to assess representation
47	20	Established numerical goals for hiring or training/promotion of designated groups
56	27	Reviewed formal employment systems and/or informal practices to identify barriers
65	36	Developed and implemented an EE plan
20	15	Implemented special measures
10	8	Implemented other EE activities
0	33	None of the above

* Data from FCP Employer Survey and the matching comparisons survey of Non-FCP Employers. The data from the comparison survey shows the % among firms *with* employment equity programs, which were about 26% of all comparison employers.

Types of FCP Steps Emphasized: The high percentage of FCP employers who have made formal commitments at a senior level to implement employment equity (82 percent) and have conducted workforce surveys of employees to assess the representativeness of their workforce (76 percent) is positive. This finding is substantiated by the low level of employment activity among non-FCP employers surveyed – only 27 percent of non-FCP employers reported that they had made formal commitments to employment equity, and only 31 percent had conducted workforce surveys.

Equally, FCP employers were about twice more likely than non-FCP employers to have established numeric goals for hiring; to have reviewed formal employment systems and informal practices to identify barriers; and to have developed and implemented an employment equity plan.

Discussion: These findings support the notion that the FCP has directly contributed to the development and implementation of measures to promote employment equity in firms and organizations with Federal government contracts. *These findings suggest that the FCP has been an effective driver for employment equity overall, underlining the potential for Federal leadership in this area to obtain results.*

4.2 Impacts of FCP on Representation of Designated Groups

A measure of the effectiveness of the FCP is whether the program results in improvements in representation of the designated groups.

To consider these questions, a number of analyses were used to ascertain the impact of FCP on representation of each of the four designated groups in FCP employers' workforces. Representation in management ranks was also examined. Several of these analyses were based on *self-report data* from employers including comparisons of FCP and non-FCP employers; also based on broader employer responses, for example on hiring practices.

Two key analyses, illustrating changes from 1995 to 1999 for FCP employers can be seen in Displays 6 and 7. These displays show the designated group representation for employees and for management ranks in each year and also changes in an index of representation (see next page for definition).

Generally, these results showed improvements from 1995 to 1999, although, as is noted later, these improvements were not statistically significant when compared to changes for comparison employers.

Display 6
Designated Group Representation in FCP Employee Ranks and an Index of Representativeness, 1995 and 1999

	FCP Employer % Representation	Index of Representativeness*
Designated Group, 1999		
Aboriginal People	1.5	0.71
Persons with Disabilities	2.7	0.42
Visible Minorities	10.1	0.92
Women	29.3	0.63
Designated Group, 1995		
Aboriginal People	1.5	0.71
Persons with Disabilities	2.4	0.37
Visible Minorities	7.4	0.72
Women	22.4	0.48

Source: FCP Employers Survey

Display 7
Designated Group Representation in FCP Management Ranks and an Index of Representativeness, 1995 and 1999

	FCP Employer % Representation	Index of Representation*
Designated Group, 1999		
Aboriginal People	1.1	92
Persons with Disabilities	2.3	66
Visible Minorities	7.5	88
Women	25.6	80
Designated Group, 1995		
Aboriginal People	0.9	90
Persons with Disabilities	2.1	60
Visible Minorities	5.2	58
Women	19.5	61

Source: FCP Employers Survey

*The index shows extent to which employer representation of designated groups (DGs) matches availability in the Canadian labour force in 1999 and 1995. The index = the ratio of *DGs in Firm* divided by *DGs in Labour Force*. Therefore the lower the index, the poorer the DG representation. For example, Aboriginal = high index therefore close to labour force representativeness (90), where women are still under-represented (61).

Findings: Overall, impacts of FCP on representation were modest according to the employer surveys. An initial analysis showed the following results, a number of which were positive for FCP.[18] First, compared to non-FCP employers, FCP employers indicated slightly higher representation for Aboriginal people, and persons with disabilities as compared to non-FCP employers in 1999). Second, analysis of FCP employers

[18] Data from FCP employers is considered to be more reliable since they have had to complete a workforce survey (76 percent indicate they have completed a survey) while non-FCP employers are presumed to be estimating their representation (only 27 percent completed workforce survey).

information indicated noticeable improvements in representation[19] between 1995 and 1999 for persons with disabilities, visible minorities, and women. Thus, comparing changes from 1995 to 1999, FCP employers show some progress in the employment of all of the designated groups. However, somewhat similar progress was also shown by the non-FCP comparison employers surveyed (see Display 8, below).

Display 8
Designated Group Representation in Employee Ranks for FCP and Comparison Employers, 1995 and 1999, and estimated labour force availability

Designated Group, 1999	FCP Employers % Representation	Non-FCP Employers Representation	Estimated Availability
Aboriginal People	1.5	0.9	2.1
Persons with Disabilities	2.7	1.2	6.4
Visible Minorities	10.1	11.6	11.0
Women	29.3	33.9	46.5
Designated Group, 1995			
Aboriginal People	1.5	0.8	2.1
Persons with Disabilities	2.4	0.9	6.5
Visible Minorities	7.4	8.8	10.3
Women	22.4	33.4	46.5

Source: Employer Surveys

To assess the impact of FCP in a more exact manner, a multivariate analysis was done to see if FCP had any impact on representation – a regression analysis which controlled for organizational size, public compared to private sector, unionization, and so on. This multivariate analyses indicated that while FCP had significant positive impacts on representation for persons with disabilities and Aboriginal persons in 1995, these effects had largely disappeared by 1999 see End Notes, #3, page 46.

Regression analyses comparing FCP and comparison employers in 1999 showed no significant positive impacts of FCP on representation as of that year. In 1999, the regression results indicated significant effects for FCP at the $p<0.05$ confidence level only for managers in the Persons with Disabilities group. No significant effects were noted in 1999 for Aboriginal persons, visible minorities or women, suggesting that the impacts of FCP had declined substantially in the period 1995-99 (from three statistically significant effects to one). See End Note #3 for details, p 46.

[19] An Index of Representativeness was also calculated which facilitates comparison of representation achieved between designated groups. It is the ratio of the representation in the organization divided by the availability of the designated group in the labour force (see Display 6 and 7).

SLID as A Supporting Line of Evidence: Analyses of SLID data supported this assessment. An exploratory analysis of representation using SLID data revealed no clear positive impacts on representation.[20] For example, SLID indicates that FCP impacts on representation in 1998 were minimal-to-uneven, as compared to representation of the designated groups among non-FCP employers.[21]

Other Sources: Generally, stakeholders indicated that they saw FCP as benefiting women and visible minorities most, with lesser impacts for persons with disabilities and Aboriginal people. These stakeholders argued that specific additional tools or programs were needed – for example to improve accommodation of persons with disabilities – that "EE by itself is not enough".

This view of greater impacts for women and visible minorities is somewhat in contradiction to the regression evidence. Regressions indicated that in fact the only difference FCP has made in the study analysis time frame (1995-99) was in small, but statistically significant improvements in the representation of persons with disabilities, and to a lesser extent, Aboriginal people. This view of greater advantage for women and visible minorities may also be based on the fact that much larger numbers of women and visible minority employees are affected by the program.

At the same time, the literature review, key informant interviews and case studies pointed to the importance of specific steps as aiding particular designated groups: that broader diversity training was correlated with greater advancements for visible minorities; that family friendly policies were correlated with greater advances for women; and so on. This may point to a need for more practical and specific directions on what the EE steps should in fact involve for employers.

When FCP was more Fully Implemented: To assess the effectiveness of FCP when implemented more fully, an analysis was conducted of the impact of FCP implementation on representation (correlations were shown between number of FCP steps implemented and representation). Only 10 percent of FCP employers fully implemented all the key steps required. This analysis demonstrated that when more fully implemented, FCP had statistically significant impacts on representation. Pearson's r's between number of key steps implemented and representation in 1999 were (for employees generally): $r = 0.22$, for Aboriginal persons, $r = 0.27$ for persons with disabilities, and (for management): $r = 0.31$ for Aboriginal persons, $r = 0.32$ for persons with disabilities, and $r = 0.25$ for visibility minority persons, all statistically significant at $p < 0.05$.

A key question for the evaluation was how well did the FCP model work where it was more fully implemented. This was an issue, since, as noted, only about 10% of all FCP employers fully implemented the key steps required for FCP. To assess this issue, a correlational analysis was conducted examining the impact of implementing key

---

[20] This analysis was somewhat experimental, a line of analysis not previously developed in the 1992 FCP studies. Essentially, the analysis involved an attempt to estimate representation for all FCP employers and for non-FCP employers, as estimated for SLID generally.

[21] Note that SLID statistics are based on different criteria and measures than statistics collected by employers through self-reporting, or by their human resource department estimates, so that a direct comparison cannot be drawn between the SLID results and those of the evaluation surveys.

FCP steps on representation in 1999 (employer self-report data). The result showed a number of statistically significant correlations with representation for some, although not all Designated Groups, in 1999, specifically, (using Pearson's r as the criterion, implementing key FCP program steps was correlated at $p< 0.05$ [with Pearson's r's between number of key steps implemented and representation in 1999 were (for employees generally): $r = 0.22$, for Aboriginal persons, $r = 0.27$ for persons with disabilities, and (for management): $r = .31$ for Aboriginal persons, $r = 0.32$ for persons with disabilities, and $r = 0.25$ for visibility minority persons, all statistically significant at $p< 0.05$]).

Thus stronger implementation of FCP steps was correlated with higher levels of representation for employee or management representation for three of the four designated groups, Aboriginal persons, persons with disabilities and visible minorities. Regression analyses also indicated significant positive effects for women in management representation.[22] These results seem to suggest that within FCP, even more compliant employers advance employment equity for some groups more than others, in general representation and also in advancement to management positions.

The results show that FCP had few significant overall effects on representation, with good results only for small numbers of employers who implemented the program more fully. These results may be largely explained by patterns of FCP employer hiring. As is shown in Display 9, FCP employers reported that generally the proportion of new hires and promotions for designated groups had stayed the same over the past year. As can also be seen in Display 9, while overall hiring has increased in about 52 percent of FCP employers' organizations, only visible minority new hires (49 percent) and women, 53 percent have come close to matching overall hiring. Employers under FCP generally were more likely to increase hires of non-designated groups more so than designated groups.

In the early 90's many employers told evaluators they could not hire designated groups because of economic downturns, and now, in times of economic expansion, it appears that they are still not hiring designated group persons aggressively.

---

[22] Control variables included number of employees, number of years in FCP, number of key FCP steps implemented, dummy variables for private sector versus quasi-public, Canadian versus U.S. ownership, service sector, manufacturing sector, union status, and proportion full-time employees, proportion professional employees, proportion technical employees, proportion office employees, proportion long-term employees, numbers of contacts with FCP, corporate growth number of human resources staff as a proportion of the total workforce, and number of employment equity staff as a proportion of the total workforce.

Display 9
Employer Assessments of Changes in Proportions of Designated Groups Hired or Promoted as Compared to All Employees

Has the proportion of new hires in each of the following groups increased, stayed the same, or decreased this year as compared to last year?			
	Increased	**Stayed the Same**	**Decreased**
All of your employees	51.9%	21.0%	21.0%
Aboriginal persons	13.8	51.3	13.8
Persons with disabilities	20.0	51.3	8.8
Visible minorities	49.4	24.7	9.9
Women	53.1	28.4	6.23
Has the proportion of promotions involving each of the following groups increased, stayed the same, or decreased this year as compared to last year?			
	Increased	**Stayed the Same**	**Decreased**
All of your employees	25.6%	42.1%	5.1%
Aboriginal persons	5.9	53.8	3.8
Persons with disabilities	6.9	55.3	1.1
Visible minorities	21.8	43.0	1.6
Women	36.6	32.0	3.1

Source: FCP Employer Survey.
Totals do not add to 100 percent due to missing data (don't know responses).

Display 10
Designated Group Representation in Management Ranks for FCP and Comparison Employers, 1995 and 1999, and estimated labour force availability

	FCP Employers % Representation	**Non-FCP Employers Representation**	**Estimated Availability**
Designated Group, 1999			
Aboriginal People	1.1	0.4	1.2
Persons with Disabilities	2.3	0.8	3.5
Visible Minorities	7.5	8.6	8.5
Women	25.6	25.0	32.0
Designated Group, 1995			
Aboriginal People	0.9	0.4	1.0
Persons with Disabilities	2.1	0.8	3.5
Visible Minorities	5.2	7.5	9.0
Women	19.5	18.4	32.0

Employer Awareness of Representation: A finding of some concern may be the fact that a large percentage of FCP employers did not know whether their organization had achieved full representation for each of the designated groups (see Display 11).

Display 11
Achievement of Full Representation As Reported by Employers

As of the end of 1999, for which of the following designated groups (if any) had your organization achieved full representation in all occupations?

	Employees	Management	Don't Know
Aboriginal People	12.1%	7.1%	39.0%
Persons with Disabilities	5.7	5.0	39.7
Visible Minorities	28.4	9.2	32.6
Women	12.8	22.0	30.5

Source: FCP Employer Survey.

These results, underlining the soft impacts of FCP generally, were somewhat reminiscent of the soft FCP results noted by the 1992 evaluation. Overall, however, the most interesting finding was the apparent decline of program impacts in the period 1995-99. Lack of significant progress in achieving representation underlines the need for program re-design and renewal. Additionally, findings regarding positive impacts where FCP steps *were* implemented more fully, pointed to noteworthy potential impacts of the program on representation, if it were implemented more effectively.

4.3 Impacts on Barrier Awareness and Elimination

The evaluation assessed the extent to which employment equity and related human resources activities are undertaken by the employers to fulfil the FCP commitment they signed under the program to implement employment equity in their workplaces. Survey responses indicate that for many employers, employment equity is an appropriate business approach. More positive workplace climates have been achieved by employers who introduced flex-time, family friendly policies, accessibility and accommodation for persons with disabilities, or other programs for Aboriginal people or visible minorities. For example, 63.7 percent of FCP employers reported offering special accommodations for persons with disabilities, and 45.8 percent reported offering family friendly policies such as family leave.

Case study employers reported they were able to get management buy-in and employee awareness while experiencing minimal backlash. However, these employers noted that there was little actual change that came out of the employment system review and that barriers that needed to be removed were not identified so this raises questions about the effectiveness of employment system reviews.

WEOs reported that structural changes in companies (mergers, acquisitions, divestments), and the attitudes of senior management are the most frequently observed barriers to employers achieving employment equity goals. WEO respondents reported that information, tools and supports from the program are the main facilitators for achieving employment equity.

The lack of advances in representation or changes in hiring and promotion patterns suggest that substantial barriers to designated groups continue to exist in most organizations covered by FCP. For example, it was observed in case studies conducted for the evaluation that employment systems reviews, the mechanism to identify barriers, are generally poorly done. Also, observations from WEOs noted that employers do not like to find "barriers" since this implies that they have been purposely discriminatory. This suggests that employers need to be provided with both specific tools and training in the understanding of systemic barriers to ensure that their employment systems are effective, especially where under-representation is evident.

4.4 Impacts in the Context of Economic Cycles

The evaluation examined how FCP adapts to changes in labour markets, with specific questions looking at whether the FCP is flexible enough to deal with the fluctuations (both downturns and upturns) in labour markets.

Case study reports and file reviews indicated that employers were quick in times of economic downturn to plead for exemption from FCP compliance requirements and pressures (which were generally granted by WEOs) but the reverse was not true in times of economic upturn.

This suggests the need for external programs such as FCP to have specific strategies to deal with economic downturns, as many employers appear to think that employment equity is only about hiring and that nothing can be done during times of poor economic growth.

Accordingly, the FCP could benefit from some mechanism for emphasizing positive opportunities during times of economic expansion. Further, employers and past research indicated that they could better achieve their goals if they were informed in an ongoing way about employment equity activities which could be undertaken even when there is little hiring taking place – e.g. best practices suggested by some employers, such as building alliances with community organizations representing the designated groups (data from case studies and literature review).

4.5 Business and Other Impacts

4.5.1 Positive Business Impacts

The available technical literature on employment equity suggests a potential for accompanying additional economic benefits at the level of the individual firm. Such benefits may result from a more efficient use of human capital – as a consequence of breaking down employment barriers and overcoming restrictive hiring practices. The potential in this area is confirmed in a preliminary way by the current evaluation findings.

A number of employers reporting increased representation of designated groups also indicated that they felt that employment equity had had positive effects in areas such as productivity improvement and competitiveness. These evaluation findings are not widespread and are preliminary in nature. However, their significance and importance should be recognized and pursued further as potential effects of the program.

Additional research is needed to develop a clearer picture of how these impacts occur based on detailed concrete examples from firms' actual experiences. The research focus should be on describing the occupational groups involved (e.g., skill sets, competencies) and on identifying exactly what factors produced the improved productivity/competitiveness in the case of individual firms claiming such benefits. This will provide a clearer perspective on the reliability of firms' assessments of such economic impacts.

4.5.2 Impacts on Workplace Culture and Other Factors

A number of positive impacts of FCP on organizational culture were identified as part of the FCP evaluation. Employer survey data showed an increased acceptance and tolerance of differences of designated groups by company management (58 percent). This was followed by employee tolerance and acceptance of diversity (48 percent), and improved access for persons with disabilities (47 percent). This finding may be a particularly important one since the effective implementation of employment equity appears to be significantly related to changes in workplace culture (observations from WEOs).

This may be extremely important to a program such as FCP, since practitioners in employment equity see change in workplace culture as a key change factor, although one which may take many years to effect. This may point to a need for new types of tools for employment equity programs such as FCP in the future.

4.6 Satisfaction of Participants

Most of the key participants in the FCP – employers and FCP staff – were dissatisfied with the program. Employers expressed dissatisfaction with most aspects of the FCP, particular length of time required for compliance reviews, FCP's overall contribution to the success of their employment equity program, and the FCP overall (see Display 12, below). It is noteworthy that employer satisfaction-levels with FCP was very low as compared to employer satisfaction with other similar labour standards program.

FCP staff received somewhat positive evaluations, particularly in comparison with private employment equity consultants, but employers and designated groups expressed frustration with the lack of information about the program and the lack of evidence of impacts.

WEOs expressed great frustration with implementing the program in the context of weak departmental support and because of the lack of information systems and tools to support their work. Many WEOs reported that they are also frustrated by their inability to meet the needs of FCP employers because of the demands of other programs and

administration. Stakeholders within HRDC and central agencies expressed dissatisfaction with the weakness of the compliance-enforcement process.

All key stakeholder assessments indicate that changes in the scope, operational design and delivery of this program would better meet the needs of stakeholders, and would improve overall satisfaction with the program.

Display 12
FCP Employers' Satisfaction with FCP

% Satisfied*	
53%	Helpfulness of FCP staff
43%	Availability of FCP staff
38%	Comprehensiveness of FCP information available
31%	Clarity of FCP requirements
26%	Compliance review process
23%	Federal Contractors Program overall
20%	FCP's overall contribution to the success of your EE program
18%	Length of time required for compliance reviews

* % indicates the percentage of FCP employers choosing 4 or 5 on a 5 step scale where 1 = Not Satisfied and 5 = Very Satisfied.
Source: FCP Employer Survey

4.7 Impacts on Contracting

FCP requirements were found to have no significant impact on the contracting or purchasing position of the Federal Government. Very few non-FCP employers (under 5 percent) indicated that they were ever discouraged from bidding on Federal contracts because of employment equity requirements. Only 34, or about 4 percent, of over 800 employers covered by FCP are reported to have withdrawn from the program, suggesting that this is not a severe problem. Generally these withdrawals were firms that did not have current contracts with the Federal government and who perceived that the costs of a compliance review could not be justified.

Comparison employers (non-participants in FCP) were asked why they did not bid on Federal government contracts. The majority (63.6 percent) did not bid because the Federal government does not require the type of goods or services that they provide. A small proportion (3.2 percent) reported that they did not bid because there was too much government red tape and only 0.3 percent indicated that employment equity requirements were an obstacle. These findings suggest that the FCP could continue (or expand) without negatively affecting government business activities in any way.

4.8 Best Practices

Case studies conducted with FCP employer firms for this evaluation were the main source for learning about best practices, with the employer survey responses also providing some information.

While there were very few best practices or innovative ideas that were identified through the case studies, a few ideas were suggested which could be seen as indicative of FCP employers' activities to achieve employment equity. These included such ideas as having a senior executive responsible for employment equity and promoting an inclusive workplace culture; having an employment equity workplace committee with representatives from all workplace parties; and including employment equity issues in company communications and newsletters.

The employer survey, however, pointed to a variety of other employer activities which were seen as a key part of actively implementing the FCP. These specific practical steps included actions such as different types of outreach to designated groups organizations, designated groups media, umbrella groups, such as colleges and so on. In addition to providing specific examples of "best practices" to share with other employers, the practicality of these efforts, and their apparent value to employers implementing employment equity, may underline the value of bringing employment equity theory down to practical steps.

This suggests that WEOs could collect best practices from FCP and LEEP employers (who agree to share them) and these should be made available to all FCP and LEEP employers with appropriate credit being given. In addition to helping others, this would serve as recognition for innovative employers.

5. Conclusions

Overview: Overall, the Federal Contractors Program (FCP) appears to be highly relevant to the current government's agenda and is characterized by important potential impacts in social justice and business. Strengths of the program include the fact that it is based on a solid model for employment equity which is implemented by a dedicated and able staff. FCP weaknesses are primarily in the organization, resourcing and delivery of the program, and the lack of tools and support for employers to implement employment equity in their workplaces, and a lack of enforcement activities. In short, the evaluation found FCP to be a program of continuing relevance, but whose full potential impacts have not yet been realize.

Program Impacts: While some gains in the representation of designated groups have been realized, these gains have not been significantly different between FCP and non-FCP employers. Program features such as the specific coverage and thresholds have limited FCP's coverage across employers, and program compliance and enforcement has not been fully realized under the current administration of the program.

Positive impacts did arise in the evaluation. For example, FCP employers noted that the program had potential positive effects on competitiveness, customer development, and employee productivity.

Program Effectiveness: The coverage and effectiveness of FCP has been limited by a number of factors including a dramatic reduction of resources in the period 1995-1999 which have created challenges for the administration of FCP. Additionally, FCP's information systems have not allowed for the effective management of the FCP. The de-centralization of program administration has also contributed to the challenges faced by FCP staff. In particular, the drop in compliance reviews conducted directly affected the level of FCP firms employment equity initiatives. Because the compliance process is the key trigger for program effectiveness, a stronger compliance review mechanism could result in significant benefits to FCP.

Tools and other supports are needed to better assist employers with their employment equity initiatives to support the effective implementation of employment equity initiatives. Information and other supports to meet the needs of employers might be addressed through the development of a stronger communications strategy, complementing Labour Program's stronger emphasis in the past few years on information and education. Information systems were inadequate at the time of evaluation for managing the program effectively. Employer satisfaction with and awareness of the program was low.

Program Alternatives: The desirability of a number of changes to the program, its features and its administration, to improve both program effectiveness and impacts on the representation of designated groups across the workforce of Federal contractors, is clearly suggested by the evaluation findings. The evaluation data converges towards the overall conclusion that, although the FCP's shortfalls can be remedied, the FCP, as currently

resourced and implemented cannot achieve either the goals that have been set for it by the government or the expectations of FCP's many stakeholders.

These shortcomings significantly affect both the designated groups who continue to be underrepresented in the workplace and the employers who wish to implement employment equity. The key conclusion is that substantial changes in this program are needed, mainly in design and delivery, if the program is to successfully serve the equity goals of the Federal Government and other stakeholders.

No clear conclusion could be drawn in this evaluation regarding sub-contracts and whether they should or should not be covered in the FCP in the future.

5.1 Summary Table of Key Findings and Conclusions

EVALUATION ISSUES (Issue list expanded and adapted from original evaluation terms of reference)	FINDINGS (indicated by stakeholder interviews, employer surveys, case studies, focus groups and document review)
I. FCP RELEVANCE	Overall FCP was found to be high in relevance and uniqueness, as indicated by views of many key stakeholders inside government and outside (particularly the designated groups), and related research.
1. Relevance of FCP Mandate and Objectives	FCP was found to be high in relevance as indicated by views of key stakeholders inside government and outside (particularly the designated groups). As well, new aspects of relevance were identified in terms of FCP aiding Canada's goals to build a more inclusive society, and in terms of positive business impacts in such areas as improved access to international markets resulting from a more diverse workforce.
2. Targeting of FCP	Targeting of the 4 designated groups was found to be appropriate as indicated by existing research on labour market discrimination and affirmed by views of stakeholders including the designated groups. No new groups were suggested to be added to the program. Neither was it suggested that any groups should be dropped from the program as it currently operates.
3. Unique Role of FCP	FCP was found to be the only program (except for the Quebec program and a nominal Toronto program) promoting employment equity in private sector firms outside of the federally regulated sector. HRDC's role was found to be highly consistent with its labour market responsibilities and needs of employment equity.
3a Adaptability of FCP to Labour Market Needs	FCP was found to be neutral or supportive of employers in labour market downturns, however, FCP employers did not make more progress during economic upturns.
II. FCP IMPLEMENTATION	The evaluation data indicated that historic implementation of FCP faced many difficulties related to the de-centralization of the function, the decline of resources; and the apparent low priority given to the program in the period 1993-99.
4. Logic of the FCP Employment Equity Model	The FCP employment equity model was found to be effective where implemented by employers. This was reflected in correlational and multivariate analyses which indicated positive impacts on representation where employers implemented the FCP steps more completely.
5. FCP Thresholds and Exemptions	A change in thresholds (particularly aiming at smaller firms and contracts) was suggested by many stakeholders to better meet employment equity needs of regions and designated groups. It was noted, by stakeholders, however than any coverage of smaller employers should be linked to simplifications of the FCP steps.

EVALUATION ISSUES (Issue list expanded and adapted from original evaluation terms of reference)	FINDINGS (indicated by stakeholder interviews, employer surveys, case studies, focus groups and document review)
6. FCP Equivalence to LEEP	On a wide range of topics, including coverage of part-time employees, consultation with unions, and reporting, it was noted that the FCP was not in equivalency with LEEP and had not become more equivalent since Parliament's direction in 1995.
7a Involvement/Clarity of Roles of FCP Partners **7b Roles of Unions/Employees** **7c Roles of PWGSC, other Departments**	A need for improved clarity of roles was noted, particularly by WEOs, designated groups (who emphasized their desire for a greater role), employers and unions. Roles of PWGSC, Treasury Board and other departments appeared to be clear.
8. Reporting Goals and Timetables	A need for a reporting regime was identified by stakeholders (reporting is used by all other major contractors programs internationally), along with the need for the regular use of timetables, goals etc.
9. Adequacy of FCP Compliance Strategy	FCP compliance was found to be poor according to most stakeholders, and undermined by the decline in the number of compliance reviews since the abolition of the central compliance function in 1995. Compliance reviews completed declined from a high of 217 in 1993 to a low of 33 completed in 1999. Poor compliance was reaffirmed by employer surveys, where FCP employers reported few contacts by FCP.
10. FCP Enforcement	Enforcement of FCP was found to be generally non-existent. Most stakeholders viewed the program as being "toothless" and the one enforcement tool -- disbarrment from contracts – had not been used in recent years. Only 8 FCP employers had been disbarred over the life of the program.
11. Costs to Employers/ Government Departments	Costs of the FCP were found to be modest for both employers and government.
12. Value of the Merit/Vision Awards Program	FCP's awards program was found to be limited in its reach and to have little impact.
13. Adequacy of FCP Resources and Deployment	Substantial shortfalls in resources were noted by stakeholders, particularly as a result of the halving of program staff resources in the period 1995-99. In comparison to another key program – the CHRC compliance program, which was recently expanded by Treasury Board - FCP was also found to be substantially under-resourced.
14. Adequacy of Information Systems/Monitoring	Information systems were found to be incomplete and ineffective. Neither program management nor accountability were supported by the systems (from review of systems, documents and stakeholder assessments).
15. Administrative Obstacles to FCP Success	Downgrading of Employment Equity from a separate branch to a unit in Labour Operations was identified by a number of key HRDC stakeholders as having substantially reduced the priority and effectiveness of FCP. Direct access to policy resources was also reported by these stakeholders to be as an obstacle to the program's effectiveness.
16. Usefulness of FCP Supports and Tools	FCP supports and tools were found to be reasonably good but improvements were reported to be needed in a number of areas, and FCP employers indicated a need to be able to access these resources more easily.
17. Efficiency of Communications Strategies	Communications for FCP were found to be extremely weak. For example, many employers who were surveyed reported not having heard from the program in years. General communications were also weak – an indicator being that no FCP annual report has been prepared since 1994.

EVALUATION ISSUES (Issue list expanded and adapted from original evaluation terms of reference)	FINDINGS (indicated by stakeholder interviews, employer surveys, case studies, focus groups and document review)
III. FCP PROGRAM RESULTS/ SUCCESS	Impacts on representation were found to be weak overall, particularly among the large portion of employers who had only implemented a few of the FCP steps/criteria.
18. General Impacts on Employment Equity	Generally, FCP showed good potential in that nearly all employers who were making employment equity efforts attributed this to FCP.
19a Impacts on Representation **19b What measures work best for designated groups** **19c Differential Impacts on the designated groups** **19d What is the impact of compliance monitoring?**	Different measures and analyses indicated that overtime visible minorities and women has increased their representation most among FCP employers. Multi-variate analysis indicated that implementation of FCP helped Aboriginal peoples and persons with disabilities in the 1995 period, but not other designated groups, and that these impacts had disappeared by 1999. Analysis of SLID for the period 1993-1998 also indicated no significant positive impacts of FCP.
20. Impact of FCP on Awareness and Barriers	Where the program was fully implemented, employers reported important positive impacts on removal of barriers, changes in workplace attitudes etc. (suggesting culture change as a key area of interest for FCP)
21. Relation to Labour Market Fluctuations	The FCP was found to be generous to employers in allowing adjustments to goals in the face of economic adversity (document review), but during times of rapid expansion, most employers did little or nothing to place priority on hiring from the designated groups (employer survey).
22. Business Impacts of FCP	The literature on 'employment equity' suggests a potential for a more efficient use of human capital from reducing employment barriers and overcoming restrictive hiring practices. Some employers reporting increased representation of designated groups also indicated that employment equity had positive business effects (e.g. competitiveness productivity improvement) but more research is needed to confirm this.
23. Participant Satisfaction with FCP	Satisfaction with FCP and its key components was generally poor among all stakeholders, but particularly employers (comparisons were drawn to satisfaction of participants in other Labour programs, e.g. Labour Standards Evaluation, 1997).
24. Impacts on the Federal Suppliers Pool	No significant negative effects of FCP were noted on suppliers. The evaluators concluded that implementing an employment equity program had no significant down-side for the Federal government as a buyer.
24a Strengths and Weaknesses of FCP	Overall, the FCP appears to be highly relevant to the agenda of the current government, and characterized by important potential impacts in social justice and business. Basic strengths include a solid model for employment equity, a dedicated and able staff, and some employer support. Weaknesses are primarily in organization, information systems, and delivery of the program.
IV. ALTERNATIVES	The evaluators concluded that substantial changes would be needed for FCP or a similar program to achieve its goals.
25. Changes to the FCP Employment Equity Mode	No major changes were suggested for the employment equity model.
26. Changes in Coverage of Designated Groups	No changes were suggested for coverage of the designated groups.

EVALUATION ISSUES (Issue list expanded and adapted from original evaluation terms of reference)	FINDINGS (indicated by stakeholder interviews, employer surveys, case studies, focus groups and document review)
27. Changes to Coverage of Employers	Designated groups (particularly Aboriginal groups) and others pointed to the possible desirability of lowering thresholds, so that more employers, and particularly more employers outside of Central Canada would be covered. Other stakeholders emphasized that any changes in coverage to include smaller employers would need to allow for some simplification of the FCP processes to match needs of smaller organizations.
28. Changes in FCP Monitoring-Enforcement (Reporting, goals and timetables)	Stakeholders strongly recommended the development of a reporting process for FCP, arguing that the program could not be effective without reporting of some type. Many, however also noted that a "simpler" reporting scheme (than that currently used by LEEP) might be desired. Stakeholders also suggested that a stronger enforcement and compliance effort was required.
29. Possible Changes in Staffing, Information Systems, and Organization	Options for rebuilding FCP centred on increased resources and staffing, and changes in administration, particularly the re-establishment of a separate employment equity unit, as suggested by stakeholders.
30. Possible Changes/ Improvements in Tools/ Materials	Some broad areas for improvement were suggested by employers such as templates and "how-to-do-it" kits for implementing employment equity.

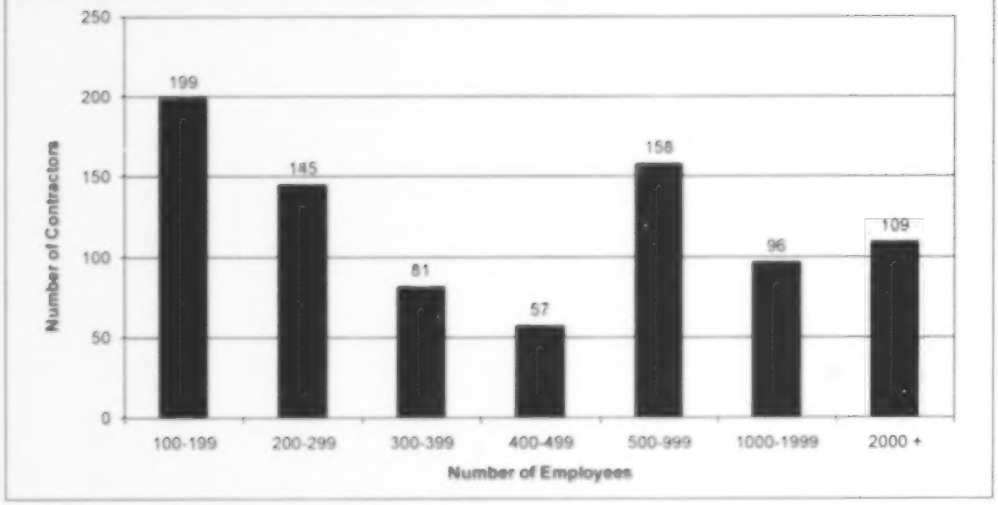
End Notes

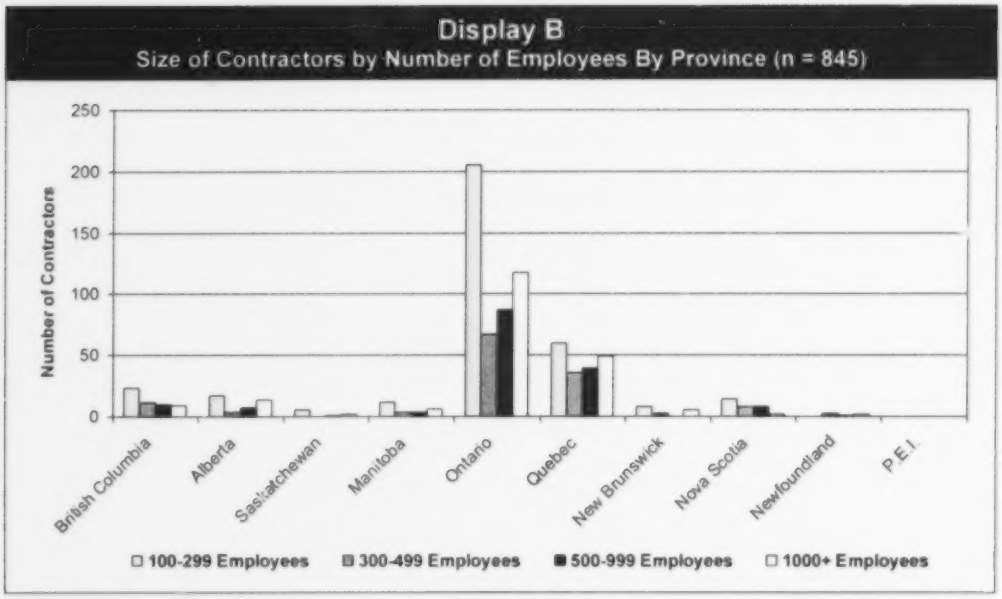
Note #1: Administrative Data on FCP Contractors: Administrative data collected from FCP files in 1999 indicated that about 845 employers were covered by the program. However a smaller number of employers -somewhat under 800 was estimated by the evaluators, following the survey. This was because the survey revealed that a number of contractors still on record as being in the program had actually withdrawn from the program, or fallen beneath the threshold of 100 employees, or gone out of business.

Another interesting feature of this topic is data on the number of contractors who fall beneath the various program thresholds. Using Public Works data files, the Evaluators estimated that to extend the FCP to cover those with 50+ employees and contracts for $50,000 plus would approximately double the total number of firms covered by FCP.

Some additional details regarding characteristics of FCP contractors are provided in two Displays below. Specifically, size of contractor and distribution by Region. The data on Region (Display B, next page) illustrate the tendency for larger FCP firms to concentrate in Ontario and Quebec, with most firms outside of Central Canada being much smaller, mirroring the general labour market situation.

Display A
Number of Contractors (n=845) by Number of Employees





Note #2: Employer Sampling, Survey Response rates and Reliability Indicators: *Sampling*: *FCP employers* were sampled from Human Resources Development Canada (HRDC) administrative files for the program, and a census survey conducted following a brief screening survey. The screening survey identified some instances of withdrawals from the program, and decreases in numbers of employees removing some firms from FCP criteria. All of the remaining FCP employers were surveyed, excluding those chosen for key informant interviews or case studies. Comparison employers were selected from a compendium of data bases SPR has developed over the past 10 years, with key criteria including industry groupings (to match the broad classes of FCP participant firms), and company size (only firms indicated as having 100+ employees were selected for the survey (again to match FCP criteria and improve the match with FCP firms for later analyses).

Response rates: Reasonably good response rates – higher than typical in the survey industry in 2001, and far higher than those obtained in the 1992 evaluation were obtained for the employer surveys. Additionally, data reliabilities were good, indicating a high quality of data overall. *FCP employers*: a 57 percent response rate was obtained for the FCP employer survey. The employer survey began with a sample of 705 employers (those involved in case studies, key informant interviews etc., were excluded from the survey), and obtained 296 responses in the main survey, with 32 later responses, 25 pretests and another 49 completions for a follow-up survey of non-respondents. *Comparison Employers*: a 43 percent response rate was obtained for the comparison employer survey. The comparison employer survey began with a sample of 1,000 employers, and obtained 347 responses in the main survey, with 66 late responses, and 18 completions obtained during a follow-up survey of non-respondents.

Reliability of data: indicators of reliability computed for key rating scales such as those dealing with satisfaction. These were estimated using the Alpha[23] indicator of reliability, and were all over Alpha = 0.80, indicating good reliability of these survey indicators.

Note #3: Some Notes on the Employer Regression Analyses: Regressions were conducted to estimate the impact of FCP on employer achievement of representation, with the following data and procedures.

Method: FCP employers and comparison employers were examined in a single set of analyses. The original analyses were based on data obtained from approximately 800 FCP and comparison employers. Approximately 500 of these had complete data on key indicators (representation for 1995 and 1999, and other key predictors). Key variables included: predictors: an FCP dummy variable (0 if not FCP, 1 if FCP); and control variables such as public-private status, employer size, union status, sector indicators, proportion of permanent/fulltime personnel, corporate changes, rate of growth, and foreign ownership; and outcome variables: specifically representation statistics for each of the four designated groups, for employees generally, and for management.

Results: Analyses were run for 1995 and 1999. Thus 16 regressions were run: 4 designated groups X management/employee X 1995/1999. For 1995, regression results indicated significant effects for FCP at the $p<0.05$ confidence level for:

- Employees in the Aboriginal Group;
- Employees in the Persons with Disabilities group;
- Managers in the Persons with Disabilities group.

No significant effects were noted in 1995 for women or visible minorities.

In 1999, the regression results indicated significant effects for FCP at the $p<.05$ confidence level for:

- Managers in the Persons with Disabilities group.

No significant effects were noted at all in 1999 for Aboriginal persons, visible minorities or women, suggesting that the impacts of FCP had declined substantially in the period 1995-99 (from three significant effects to one). These results, underlining the soft impacts of FCP generally were somewhat similar to the "soft" FCP results noted by the 1992 evaluation. Overall, however, the most interesting finding was the apparent decline of program impacts in the period 1995-99. See Display C, next page for details.

---

[23] Alpha, or Chronbach's Alpha is an indicator of the internal reliability of an attitude or rating scale or other indicator, which is computed as the average of the inter-item correlations between all of the items in the scale. Alpha takes the value of "0" if a scale shows no reliability, and "1" if reliability is perfect. An Alpha of 0.7 to 0.8 or better is generally seen as good (see: *SPSS Professional Statistics 7.5*,.

Display C Some details Employer Regression results (Statistics For The FCP Dummy Variable For 16 Regressions)						
	Dependent Variables	**B**	**Se B**	**Beta**	**T Sig**	**T**
1995	Employee Representation, Aboriginal People	0.500	0.208	0.149	2.40	0.016
1995	Employee Representation, Persons W Disabilities	0.918	0.283	0.196	3.23	0.001
1995	Employee Representation, Visible Minorities	-1.366	1.538	-0.056	-0.88	0.374
1995	Employee Representation, Women	0.352	2.385	0.008	0.14	0.882
1995	Management Representation, Aboriginal People	0.526	0.302	0.113	1.73	0.083
1995	Management Representation, Persons W Disabilities	1.715	0.500	0.219	3.42	0.000
1995	Management Representation, Visible Minorities	-2.673	1.501	-0.116	-1.78	0.075
1995	Management Representation, Women	-0.366	2.028	-0.011	-0.18	0.856
1999	Employee Representation, Aboriginal People	0.233	0.224	0.056	1.04	0.299
1999	Employee Representation, Persons W Disabilities	0.485	0.263	0.098	1.84	0.065
1999	Employee Representation, Visible Minorities	-2.700	1.586	-0.094	-1.70	0.089
1999	Employee Representation, Women	-1.727	2.019	-0.045	-0.85	0.392
1995	Management Representation, Aboriginal People	0.097	0.243	0.022	0.40	0.689
1995	Management Representation, Persons W Disabilities	0.874	0.423	0.111	2.06	0.039
1995	Management Representation, Visible Minorities	-1.528	1.238	-0.071	-1.23	0.217
1995	Management Representation, Women	-0.488	1.954	-0.015	-0.25	0.802

Note #4: SLID Data on Representation: Data from SLID was compiled to indicate statistics on representation for two SLID samples: a sub-sample of SLID survey respondents designed to be similar to that included in 1992 studies which were conducted using the Labour Market Activity Survey, and a second full sample of all SLID respondents. Comparisons between FCP and non-FCP employers were inconclusive, with the analyses showing representation to be higher in FCP firms for Aboriginal persons, and higher in non-FCP firms for visible minorities and women.

Display D Some Indications of Representation* Derived from SLID files, 1998		
	% Representation FCP Employers	**% Representation Non-FCP Employers**
Sub-sample of SLID		
Aboriginal People	3.0%	1.7%
Persons with Disabilities	6.1	5.7
Visible Minorities	6.6	8.8
Women	35.5	47.0
Full SLID Sample		
Aboriginal People	2.5%	2.4%
Persons with Disabilities	5.4	5.8
Visible Minorities	6.3	9.1
Women	40.0	48.0

Annex A: FCP Evaluation Issues and Questions

I. CONTINUED RELEVANCE

1. **Relevance of FCP mandate and objectives**: Is there a continuing need and relevance for the FCP in encouraging employers to achieve fairness and diversity in the workplace? Is the rationale for the program still valid? Are the mandate and objectives still relevant?

2. **Targeting of FCP**: Is the FCP properly targeted in terms of DGs, and size and type of firm? Do some DGs and/or employer areas require lesser or greater attention? Should any other groups be considered to be added? Should any of the current 4 groups be deleted? Are the benefits/services provided consistent with the needs of the DGs? For which of the 4 DGs, if any, are other services needed?

3. **Unique role of FCP relative to other programs**: Is there a need for Human Resources Development Canada (HRDC) to maintain all its activities under the FCP? To what extent does FCP complement, supplement, or overlap, duplicate or work at cross purposes with other similar programs? (e.g., provincial EE activities). Does FCP offer particular services/supports not available elsewhere? What is the comparative capacity of FCP activities to influence change in workplace equity practices relative to other players? What is the appropriate role for FCP?

3a. **Adaptability of FCP to labour market needs:** Is the FCP able to deal flexibly with labour market fluctuations?

II. IMPLEMENTATION:

Are FCP design and delivery features consistent with the stated objectives? (operational guidelines, regulations); Is the present FCP model the most effective way of achieving the intended impacts and effects?

4. **The FCP EE Model**: are the 11 steps for the FCP EE model effective and appropriate?

5. **FCP thresholds and exemptions**: Thresholds: Should FCP be extended to cover more employers? Should the rules for the two thresholds be changed? (e.g., reduce levels from current 100 employees or more, and $200,000 contract value or more; also consider changes to $200,000 cumulative in one year). Exemptions: Should the list of current program exemptions be reconsidered to include all, some or none of these: Contractors having a combined work force of less than 100 employees (headquarters and branches included); offshore suppliers conducting and executing work outside Canada; Construction contracts: Contracts

on behalf of provincial governments and agencies; Contracts for the acquisition of real property; Legal service contracts: and subcontractors?

6. **FCP Equivalence to LEEP**. Have key features of FCP been adjusted to match aspects of LEEP and thus to reflect the 1996 *Employment Equity Act*?

7. **Involvement and Clarity of roles of FCP partners:** (a) Are the roles & responsibilities of various partners and service providers clearly enunciated & understood? (employers, unions, program administrators, compliance review officers, regional consultants.) (b) Are union and employee representatives consulted and involved in all stages of FCP process? (c) Are the roles of other federal departments, Treasury Board, etc. clear?

8. **Reporting Goals and Timetables:** Is there a need or place for mandatory goals or timetables or annual reporting within FCP?

9. **Adequacy of FCP Compliance Strategy:** Are current compliance guidelines and program assessments clear to employers and feasible to implement? How well is the Compliance Review Process Working? Is there a need for changes to the data capturing system? To what extent does compliance-monitoring of FCP firms increase the level of their workplace equity initiatives? How effective is it in promoting supporting, and enforcing compliance with workplace equity principles?

10. **FCP Enforcement:** What are the enforcement issues around implantation of work plans? Is the principle of "good faith efforts" working or is there a need for increased accountability? (e.g. audits, significant fines)

11. **Costs to employers and government departments:** Another issue posed was does the program imposes undue costs on participating employers and participating departments?

12. **Value of the Merit Awards Program:** Do the benefits of the Merit Awards Program outweigh the costs? To what extent does it: (a) further the goals and objectives of EE? (b) enhance awareness and increase knowledge of EE? Is it a useful tool to promote best practices?

13. **Adequacy of FCP resources and deployment:** Are the FTE resources for supporting and monitoring FCP sufficient to fulfil its mandate? Adequacy of data, software etc? (if not, where should additional resources be targeted?) Are roles and relationships supportive?

14. **Adequacy of FCP information systems/monitoring:** Are appropriate information systems in place and/or other mechanisms to coordinate, track, monitor and report on employer activities under FCP? Are these (and employer reports) adequate to measure progress/program impacts?

15. **Administrative Obstacles to FCP success:** Have any constraints been identified – operational (Departmental organization), legislative, regulatory, provincial, etc. – which impede the ability of the FCP to achieve its objectives? (e.g. support from other federal departments)

16. **Usefulness of FCP supports and tools** (e.g. brochures, EECRS, availability statistics, regional consultants) utilized by the program?

17. **Efficiency of communications and information strategies:** Does the program communicate effectively and efficiently with employers? Do communications build relationships and partnerships, and broader support for EE goals?

III. PROGRAM RESULTS/SUCCESS INDICATORS

18. **General impacts on EE:** Does the FCP advance EE generally?

19. **Impacts on representation:** (a) Is representation of DGs in FCP firms better, worse or the same as uncovered workers (in terms of hiring, retention, promotion, income? (b) Do specific employment equity initiatives work best for each group? (b) Are there differential Impacts on the various designated groups? (d) what is the impact of compliance monitoring?

20. **Impact of FCP on awareness, and barriers:** To what extent has FCP contributed to (1) awareness and reduction in barriers, (2) increased employment, improved representation; and (3) the development and implementation of effective measures in FCP firms for the DGs since the amended legislation?

21. **Relation to labour market fluctuations:** Is the FCP flexible enough to deal with the fluctuations in the labour market? (both downturns and upturns)

22. **Impact of FCP on business efficiency and competitiveness:** To what extent has FCP aided firm's ability to draw from a broader labour pool, gain more experienced staff etc.? Gain other economic advantages, such as international competitiveness?

23. **Participant satisfaction with FCP:** How satisfied are various participants and stakeholders with the design and results of FCP activities? (employees, employers, program administrators, other federal departments and Treasury Board, designated group organizations)?

24. **Impact of FCP on the Federal Suppliers Pool:** Have FCP requirements discouraged employers from becoming or continuing as federal suppliers?

24a. **Strengths and weaknesses of FCP:** What are the particular strengths and weaknesses of FCP?

IV. ALTERNATIVES

Is the present FCP model the most effective way of achieving the intended impacts and effects? Or, are there other most cost effective program approaches to achieve the same objectives?

25. **Possible changes in the EE model**: Are changes needed in the FCP EE model (11 key program steps)?

26. **Possible Changes in Coverage of the Designated Groups**: Is there any need to change coverage of the designated groups?

27. **Possible changes to coverage of employers**: Are Changes desired in thresholds and exemptions?

28. **Possible Changes to FCP Monitoring and Enforcement:** Are changes needed in the monitoring and enforcement mechanisms? Should the program mandate be changed to institute significant fines or to allow CHRC to monitor FCP employers' actions?

29. **Possible Changes in Staffing, Information Systems, Organization** (see issues 2.13, 2.14, 2.15).

30. **Possible Changes/improvements in Tools/Educational Materials**

Notes: Some issues noted in the original RFP have been addressed throughout, rather than in one specific Section. For example, the original RFP evaluation question: "What are the strengths and weaknesses of the FCP program structure and organization?"

Annex B: List of FCP Evaluation Technical Reports

The technical research reports included (bound separately from the Final Report):

Technical Report #1:	Literature and International Models Review;
Technical Report #2:	Key Stakeholders/Participants Interviews;
Technical Report #3:	Technical Report on Focus Group Discussions;
Technical Report #4:	A Review of Administrative Topics in the FCP: Information systems, Administrative Data and Tools/Publications;
Technical Report #5:	Report on the Case Studies;
Technical Report #6:	Survey of FCP Staff/WEOs; and
Technical Report #7:	Survey of FCP Employers.